

**SEVENTH CIRCUIT COURT APPOINTED
SPECIAL ADVOCATE PROGRAM**

AUDITED FINANCIAL STATEMENTS

December 31, 2020 and 2019



Fenenga, DeSmet & Company, LLC

Certified Public Accountants
Winner, SD | Rapid City, SD

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Seventh Circuit Court Appointed Special Advocate Program
Rapid City, SD

We have audited the accompanying financial statements of Seventh Circuit Court Appointed Special Advocate Program (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 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 audits 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seventh Circuit Court Appointed Special Advocate Program as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Fenenga, DeSmet & Company, LLC

Fenenga, DeSmet & Company, LLC
Rapid City, SD
November 12, 2021

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
STATEMENTS OF FINANCIAL POSITION

	December 31,	
ASSETS	2020	2019
Current Assets		
Cash in bank	\$ 278,625	\$ 247,181
Certificate of deposit	51,006	50,000
Prepaid expenses	2,300	2,100
Total Current Assets	331,931	299,281
Property and Equipment, Net	21,026	11,332
Other Assets		
Security deposit	4,425	1,425
Total Other Assets	4,425	1,425
Total Assets	\$ 357,382	\$ 312,038
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued payroll taxes	\$ 5,554	\$ 5,962
Paycheck Protection Program	46,700	-
Current portion, capital lease	2,918	2,730
Total Current Liabilities	55,172	8,692
Long-term Liabilities		
Capital lease - copier	5,885	8,802
Total Long-Term Liabilities	5,885	8,802
Total Liabilities	61,057	17,494
Net Assets		
Without Donor Restrictions	289,005	254,811
With Donor Restrictions	7,320	39,733
Total Net Assets	296,325	294,544
Total Liabilities and Net Assets	\$ 357,382	\$ 312,038

See accompanying notes and independent auditors' report.

STATEMENTS OF ACTIVITIES

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Public Support			
Governmental grants	\$ 120,926	\$ -	\$ 120,926
Private grants	49,725	75,000	124,725
United Way allocation	83,193	-	83,193
Contributions	29,351	-	29,351
Special events	15,202	-	15,202
Total Public Support	<u>298,397</u>	<u>75,000</u>	<u>373,397</u>
Other Revenue			
Interest income	1,036	-	1,036
Net Assets Released from Restrictions	<u>107,413</u>	<u>(107,413)</u>	<u>-</u>
Total Public Support and Revenue	406,846	(32,413)	374,433
Functional Expenses			
Program Services			
Advocacy	298,731	-	298,731
Supporting Services			
Management and general	61,642	-	61,642
Fundraising expenses	12,279	-	12,279
Total Functional Expenses	<u>372,652</u>	<u>-</u>	<u>372,652</u>
Change in Net Assets	34,194	(32,413)	1,781
NET ASSETS, Beginning of Year	<u>254,811</u>	<u>39,733</u>	<u>294,544</u>
NET ASSETS, End of Year	<u>\$ 289,005</u>	<u>\$ 7,320</u>	<u>\$ 296,325</u>

See accompanying notes and independent auditors' report.

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Public Support			
Governmental grants	\$ 107,981	\$ -	\$ 107,981
Private grants	20,850	75,000	95,850
United Way allocation	84,944	-	84,944
Contributions	55,319	-	55,319
Special events	22,075	-	22,075
Total Public Support	<u>291,169</u>	<u>75,000</u>	<u>366,169</u>
Other Revenue			
Interest income	198	-	198
Net Assets Released from Restrictions	<u>109,728</u>	<u>(109,728)</u>	<u>-</u>
Total Public Support and Revenue	401,095	(34,728)	366,367
Functional Expenses			
Program Services			
Advocacy	267,163	-	267,163
Supporting Services			
Management and general	54,505	-	54,505
Fundraising expenses	19,066	-	19,066
Total Functional Expenses	340,734	-	340,734
Change in Net Assets	60,361	(34,728)	25,633
NET ASSETS, Beginning of Year	<u>194,450</u>	<u>74,461</u>	<u>268,911</u>
NET ASSETS, End of Year	<u>\$ 254,811</u>	<u>\$ 39,733</u>	<u>\$ 294,544</u>

See accompanying notes and independent auditors' report.

STATEMENTS OF FUNCTIONAL EXPENSES

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Functional Expenses				
Payroll				
Salaries and wages	\$ 174,006	\$ 38,219	\$ 6,560	\$ 218,785
Employee benefits	27,175	3,941	965	32,081
Payroll taxes	14,099	2,045	501	16,645
Total Payroll	<u>215,280</u>	<u>44,205</u>	<u>8,026</u>	<u>267,511</u>
Other				
Accounting and auditing	8,981	1,982	837	11,800
Advertising/Public relations	6,447	-	-	6,447
Computer related	11,939	1,731	423	14,093
Depreciation	4,042	586	143	4,771
Fundraising projects	-	-	715	715
Insurance	3,223	467	114	3,804
Interest expense	552	103	35	690
Maintenance and repairs	10,033	1,455	356	11,844
Mileage - administration	-	1,276	-	1,276
Miscellaneous	2,283	428	153	2,864
Office, copier and postage	1,633	5,135	431	7,199
Rent of space	24,468	3,548	868	28,884
Telephone/internet/utilities	5,005	726	178	5,909
Training and travel	1,356	-	-	1,356
Volunteer expenses	3,489	-	-	3,489
Total Other	<u>83,451</u>	<u>17,437</u>	<u>4,253</u>	<u>105,141</u>
Total Functional Expenses	<u>\$ 298,731</u>	<u>\$ 61,642</u>	<u>\$ 12,279</u>	<u>\$ 372,652</u>

See accompanying notes and independent auditors' report.

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Functional Expenses				
Payroll				
Salaries and wages	\$ 161,903	\$ 33,269	\$ 5,905	\$ 201,077
Employee benefits	17,878	2,593	635	21,106
Payroll taxes	<u>13,201</u>	<u>1,914</u>	<u>469</u>	<u>15,584</u>
Total Payroll	<u>192,982</u>	<u>37,776</u>	<u>7,009</u>	<u>237,767</u>
Other				
Accounting and auditing	7,760	1,800	790	10,350
Advertising/Public relations	7,148	-	-	7,148
Computer related	5,576	808	199	6,583
Depreciation	4,702	682	167	5,551
Fundraising projects	-	-	7,408	7,408
Insurance	3,453	501	122	4,076
Interest expense	693	130	43	866
Maintenance and repairs	-	-	-	-
Mileage - administration	-	2,353	-	2,353
Miscellaneous	1,569	297	106	1,972
Office, copier and postage	2,817	6,177	2,237	11,231
Rent of space	25,591	3,711	908	30,210
Telephone and internet	1,582	229	57	1,868
Training and travel	5,555	41	20	5,616
Volunteer expenses	<u>7,735</u>	<u>-</u>	<u>-</u>	<u>7,735</u>
Total Other	<u>74,181</u>	<u>16,729</u>	<u>12,057</u>	<u>102,967</u>
Total Functional Expenses	<u>\$ 267,163</u>	<u>\$ 54,505</u>	<u>\$ 19,066</u>	<u>\$ 340,734</u>

See accompanying notes and independent auditors' report.

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,	
	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Increase/(Decrease) in Net Assets	\$ 1,781	\$ 25,633
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by operating activities:		
Depreciation	4,771	5,551
(Increase)/Decrease in:		
Prepaid expenses	(200)	5,304
Security deposits	(3,000)	-
Increase/(Decrease) in:		
Accrued payroll taxes	(408)	1,439
Deferred revenue	-	-
Net Cash Provided by/(Used in) Operating Activities	2,944	37,927
Cash Flows from Financing Activities		
Proceeds from paycheck protection program	46,700	-
Payments on capital lease	(2,729)	(2,553)
Net Cash Provided by/(Used in) Financing Activities	43,971	(2,553)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(14,465)	-
Net Cash Provided by/(Used in) Investing Activities	(14,465)	-
Net Increase/(Decrease) in Cash and Cash Equivalents		
During the Year	32,450	35,374
Cash and Cash Equivalents, Beginning of Year	297,181	261,807
Cash and Cash Equivalents, End of Year	\$ 329,631	\$ 297,181
Supplemental Cash Flow Information:		
Cash paid for interest, charged to expense	\$ 690	\$ 866

See accompanying notes and independent auditors' report.

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
Notes to Financial Statements
December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

Seventh Circuit Court Appointed Special Advocate Program (CASA) is a nonprofit organization. The Organization's mission is to recruit, train and supervise court-appointed community volunteers who advocate for safe, permanent, nurturing homes for abused and neglected children in the court system. CASA is located in Rapid City, South Dakota, and serves counties in southwestern South Dakota. More than fifty volunteers advocate for nearly 200 children annually through the Organization.

Basis of Presentation

The accompanying financial statements of CASA have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of CASA's management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CASA or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the financial statements.

Income Taxes

The Organization is an exempt organization for Federal Income Tax purposes under section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation as defined in Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Code. The Organization's income tax filings are subject to audit by various taxing authorities.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates affect the reported amounts of assets and liabilities and 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 amounts could differ from those estimates.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Organization considers all highly liquid investments, including cash in checking, savings, money market funds and certificate of deposits, available for current use to be cash equivalents.

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
Notes to Financial Statements
December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Certificate of Deposit

The certificate of deposit is valued at original cost. The certificate of deposit carries a term of 11 months and current interest rate of 1.5%.

Contributions, Support and Revenues

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Seventh Circuit Court Appointed Special Advocate Program received its support and revenues primarily from United Way and governmental organizations. See Note 2 - Concentration of Revenue.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and support services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related expenses	Time and effort
Accounting and auditing	Time and effort
Advertising/Public relations	Direct allocation
Computer related	Time and effort
Depreciation	Square footage
Fundraising projects	Direct allocation
Insurance	Time and effort
Interest expense	Time and effort
Maintenance and repairs	Square footage
Mileage - administration	Direct allocation
Miscellaneous	Time and effort
Office, copier and postage	Time and effort
Rent of space	Square footage
Telephone/internet/utilities	Time and effort
Training and travel	Direct allocation
Volunteer expenses	Direct allocation

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
Notes to Financial Statements
December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies (continued)

Fixed Assets

Expenditures for property and equipment are stated at cost. Depreciation for property and equipment is computed on the estimated useful lives ranging from three to ten years using the straight-line method. The cost of current repairs and minor replacements is charged to the appropriate operating expense account, and the cost of acquisitions, renewals and betterments over \$1,000 is capitalized. The net fixed asset balance has been recorded as a separate component in net assets without donor restrictions.

Donated Materials and Services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 3,000 volunteer hours per year. No amounts have been reflected in the financial statements for these donated services.

Note 2 - Concentration of Revenue

Seventh Circuit Court Appointed Special Advocate Program is dependent upon United Way and governmental funds for a significant portion of its operating revenue. The following table shows the percentage of total revenues for each:

	<u>2020</u>	<u>2019</u>
United Way Funding	22%	23%
Governmental Grants	32%	29%

Note 3 - Concentration of Credit Risk

Financial instruments that potentially subject CASA to concentrations of credit risk consist principally of cash. The Organization maintains its cash in a bank account that, at times, may exceed federally insured limits. The Organization's cash account has been placed with a high credit quality financial institution. CASA has not experienced, nor does it anticipate, any losses with respect to such accounts.

Note 4 - Rent

The Organization rents an office building on a five year lease which began in September of 2020. Rent expenses were \$28,885 and \$30,210 for the years ended December 31, 2020 and 2019, respectively.

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
Notes to Financial Statements
December 31, 2020 and 2019

Note 5 - Advertising

The Organization has adopted a policy of expensing advertising costs as incurred. Total advertising costs for the years ended December 31, 2020 and 2019 were \$6,447 and \$7,148, respectively.

Note 6 - Land, Buildings and Equipment

The following is a summary of major classifications of land, buildings and equipment:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 34,237	\$ 35,227
Software	4,290	4,290
Leasehold improvements	9,300	-
	<u>47,827</u>	<u>39,517</u>
Less accumulated depreciation	<u>(26,801)</u>	<u>(28,185)</u>
Net land, buildings and equipment	<u>\$ 21,026</u>	<u>\$ 11,332</u>

The following is a summary of changes in land, buildings and equipment for the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Furniture and equipment	\$ 35,227	\$ 5,165	\$ 6,155	\$ 34,237
Software	4,290	-	-	4,290
Leasehold improvements	-	9,300	-	9,300
Total	<u>\$ 39,517</u>	<u>\$ 14,465</u>	<u>\$ 6,155</u>	<u>\$ 47,827</u>

Depreciation expense was \$4,771 and \$5,551 for the fiscal years ended December 31, 2020 and 2019, respectively.

Note 7 - Retirement Plan

The Seventh Circuit Court Appointed Special Advocate Program established a SIMPLE IRA plan in 2002. All full-time employees are eligible to participate in the plan. The Organization has elected to match each participant's elective deferrals on a dollar for dollar basis up to 3% of each participant's compensation. For the years ended December 31, 2020 and 2019, the Organization's total contribution was \$0 and \$508, respectively.

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
Notes to Financial Statements
December 31, 2020 and 2019

Note 8 - Availability and Liquidity

The following represents Seventh Circuit Court Appointed Special Advocate Program's financial assets at December 31:

	2020	2019
Financial assets at year end:		
Cash and cash equivalents	\$ 329,631	\$ 297,181
Total Financial Assets	329,631	297,181
Less amounts not available to be used within one year:		
Net assets with donor restrictions	7,320	39,733
Less net assets with purpose restrictions to be met in less than a year	(7,320)	(39,733)
	-	-
Financial assets available to meet general expenditures over the next twelve months	\$ 329,631	\$ 297,181

Note 9 - Net Assets

Net assets with donor restrictions consist of the following at December 31:

	2020	2019
Purpose		
General, time restricted	\$ 7,320	\$ 39,733
Total	\$ 7,320	\$ 39,733

Note 10 - Capital Lease

In 2018, the Organization started leasing its copier from A&B Business under a capital lease. Previously, the capital lease for a copier was through Marco Leasing Company. The economic substance of both leases is that the Organization is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Organization's assets and liabilities. The following is an analysis of the leased assets included in Property and Equipment at December 31:

	2020	2019
Equipment	\$ 15,100	\$ 15,100
Less Accumulated Depreciation	(7,298)	(4,278)
	\$ 7,802	\$ 10,822

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
Notes to Financial Statements
December 31, 2020 and 2019

Note 10 - Capital Lease (continued)

The A&B Business lease commenced in August 2018 and the terms of the lease are 63 monthly payments of \$285 each at an imputed interest rate at 6%. The present value of the lease payments exceed the fair market value of the copier. The final lease payment is due in October of 2023. Depreciation of the asset held under the capital lease is included with depreciation expense.

Note 11 - Long-term Debt

The Organization's long-term debt at December 31 consisted of the following:

	2020	2019
Lease payable to A&B Business in monthly installments of \$285. Interest is at 6%. Final payment due October 2023.	\$ 8,803	\$ 11,532
Less Current Maturities	(2,918)	(2,730)
Long-term Portion	\$ 5,885	\$ 8,802

The following is a schedule of current maturities of long-term debt for the years ending December 31,

2021	\$	2,918
2022		3,120
2023		2,765
	\$	8,803

Note 12 - Related Party Transactions

The Organization entered into an agreement with Rapid Cyber Defense, Inc. which is owned by a current board member. The agreement was for the purchase and setup of a new server, computer equipment and software, and security/monitoring services. Total payments to Rapid Cyber Definese, Inc. in 2020 was \$18,732. There was not a balance payable at December 31, 2020.

There were no related party transactions for the year ending December 31, 2019.

Note 13 - Date of Management's Review

Subsequent events have been evaluated through November 12, 2021, the date the financial statements were available to be issued.