

**SEVENTH CIRCUIT COURT APPOINTED
SPECIAL ADVOCATE PROGRAM**

FINANCIAL STATEMENTS

December 31, 2021 and 2020



Fenenga, DeSmet & Company, LLC

Certified Public Accountants

Winner, SD | Rapid City, SD

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM

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FENENGA, DESMET & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Seventh Circuit Court Appointed Special Advocate Program and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Seventh Circuit Court Appointed Special Advocate Program's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT, CONTINUED

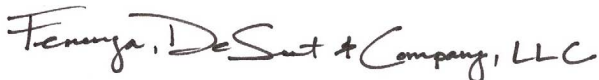
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Seventh Circuit Court Appointed Special Advocate Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Seventh Circuit Court Appointed Special Advocate Program's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant findings, and certain internal control related matters that we identified during the audit.



Fenenga, DeSmet & Company, LLC
Rapid City, SD
January 5, 2023

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
STATEMENTS OF FINANCIAL POSITION

	December 31,	
ASSETS	<u>2021</u>	<u>2020</u>
Current Assets		
Cash in bank	\$ 359,284	\$ 278,625
Certificate of deposit	51,006	51,006
Prepaid expenses	-	2,300
Total Current Assets	410,290	331,931
Property and Equipment, Net	28,976	21,026
Other Assets		
Security deposit	4,425	4,425
Total Other Assets	4,425	4,425
Total Assets	\$ 443,691	\$ 357,382
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued payroll taxes	\$ 7,545	\$ 5,554
Paycheck Protection Program	-	46,700
Current portion, capital lease	3,121	2,918
Total Current Liabilities	10,666	55,172
Long-term Liabilities		
Capital lease - copier	2,709	5,885
Total Long-Term Liabilities	2,709	5,885
Total Liabilities	13,375	61,057
Net Assets		
Without Donor Restrictions	418,470	289,005
With Donor Restrictions	11,846	7,320
Total Net Assets	430,316	296,325
Total Liabilities and Net Assets	\$ 443,691	\$ 357,382

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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Public Support			
Governmental grants	\$ 130,227	\$ -	\$ 130,227
Private grants	116,862	75,000	191,862
United Way allocation	63,514	-	63,514
Contributions	15,773	-	15,773
Special events	17,074	-	17,074
COVID relief related income	93,981	-	93,981
Total Public Support	<u>437,431</u>	<u>75,000</u>	<u>512,431</u>
Other Revenue			
Interest income	45	-	45
Net Assets Released from Restrictions	<u>70,474</u>	<u>(70,474)</u>	<u>-</u>
Total Public Support and Revenue	507,950	4,526	512,476
Functional Expenses			
Program Services			
Advocacy	293,125	-	293,125
Supporting Services			
Management and general	69,493	-	69,493
Fundraising expenses	15,867	-	15,867
Total Functional Expenses	378,485	-	378,485
Change in Net Assets	129,465	4,526	133,991
NET ASSETS, Beginning of Year	<u>289,005</u>	<u>7,320</u>	<u>296,325</u>
NET ASSETS, End of Year	<u>\$ 418,470</u>	<u>\$ 11,846</u>	<u>\$ 430,316</u>

See accompanying notes and independent auditors' report.

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
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.

STATEMENTS OF FUNCTIONAL EXPENSES

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

Functional Expenses	Program Services	Management and General	Fundraising	Total
Payroll				
Salaries and wages	\$ 163,475	\$ 35,178	\$ 8,277	\$ 206,930
Employee benefits	22,726	6,042	1,151	29,919
Payroll taxes	16,294	3,507	825	20,626
Total Payroll	<u>202,495</u>	<u>44,727</u>	<u>10,253</u>	<u>257,475</u>
Other				
Accounting and auditing	5,520	5,235	345	11,100
Advertising/Public relations	12,769	2,394	798	15,961
Computer related	5,714	1,071	357	7,142
Depreciation	4,871	913	304	6,088
Fundraising projects	-	-	1,236	1,236
Insurance	2,932	550	183	3,665
Interest expense	-	447	-	447
Maintenance and repairs	-	-	-	-
Mileage - administration	-	1,630	-	1,630
Miscellaneous	-	159	-	159
Office, copier and postage	6,189	5,973	387	12,549
Rent of space	22,080	4,140	1,380	27,600
Telephone and internet	6,059	1,304	307	7,670
Training and travel	5,068	950	317	6,335
Volunteer expenses	19,428	-	-	19,428
Total Other	<u>90,630</u>	<u>24,766</u>	<u>5,614</u>	<u>121,010</u>
Total Functional Expenses	<u><u>\$ 293,125</u></u>	<u><u>\$ 69,493</u></u>	<u><u>\$ 15,867</u></u>	<u><u>\$ 378,485</u></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, 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><u>\$ 298,731</u></u>	<u><u>\$ 61,642</u></u>	<u><u>\$ 12,279</u></u>	<u><u>\$ 372,652</u></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,	
	2021	2020
Cash Flows from Operating Activities		
Increase/(Decrease) in Net Assets	\$ 133,991	\$ 1,781
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by operating activities:		
Depreciation	6,088	4,771
(Increase)/Decrease in:		
Prepaid expenses	2,300	(200)
Security deposits	-	(3,000)
Increase/(Decrease) in:		
Accrued payroll taxes	1,992	(408)
Net Cash Provided by/(Used in) Operating Activities	144,371	2,944
Cash Flows from Financing Activities		
Proceeds (forgiveness) from paycheck protection program	(46,700)	46,700
Payments on capital lease	(2,973)	(2,729)
Net Cash Provided by/(Used in) Financing Activities	(49,673)	43,971
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(14,039)	(14,465)
Net Cash Provided by/(Used in) Investing Activities	(14,039)	(14,465)
Net Increase/(Decrease) in Cash and Cash Equivalents		
During the Year	80,659	32,450
Cash and Cash Equivalents, Beginning of Year	329,631	297,181
Cash and Cash Equivalents, End of Year	\$ 410,290	\$ 329,631
Supplemental Cash Flow Information:		
Cash paid for interest, charged to expense	\$ 447	\$ 690

See accompanying notes and independent auditors' report.

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
Notes to Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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>2021</u>	<u>2020</u>
United Way Funding	12%	22%
Governmental Grants	25%	32%

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 \$27,600 and \$28,885 for the years ended December 31, 2021 and 2020, respectively.

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
Notes to Financial Statements
December 31, 2021 and 2020

Note 5 - Advertising

The Organization has adopted a policy of expensing advertising costs as incurred. Total advertising costs for the years ended December 31, 2021 and 2020 were \$15,961 and \$6,447, respectively.

Note 6 - Land, Buildings and Equipment

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

	2021	2020
Furniture and equipment	\$ 48,276	\$ 34,237
Software	4,290	4,290
Leasehold improvements	9,300	9,300
	61,866	47,827
Less accumulated depreciation	(32,890)	(26,801)
Net land, buildings and equipment	\$ 28,976	\$ 21,026

The following is a summary of changes in land, buildings and equipment for the year ended December 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance
Furniture and equipment	\$ 34,237	\$ 14,039	\$ -	\$ 48,276
Software	4,290	-	-	4,290
Leasehold improvements	9,300	-	-	9,300
Total	\$ 47,827	\$ 14,039	\$ -	\$ 61,866

Depreciation expense was \$6,088 and \$4,771 for the fiscal years ended December 31, 2021 and 2020, 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 ending December 31, 2021 and 2020 there were no participating employees.

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
Notes to Financial Statements
December 31, 2021 and 2020

Note 8 - Availability and Liquidity

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

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	\$ 410,290	\$ 329,631
Total Financial Assets	410,290	329,631
Less amounts not available to be used within one year:		
Net assets with donor restrictions	11,846	7,320
Less net assets with purpose restrictions to be met in less than a year	(11,846)	(7,320)
	-	-
Financial assets available to meet general expenditures over the next twelve months	\$ 410,290	\$ 329,631

Note 9 - Net Assets

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

	2021	2020
Purpose		
General, time restricted	\$ 11,846	\$ 7,320
Total	\$ 11,846	\$ 7,320

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:

	2021	2020
Equipment	\$ 15,100	\$ 15,100
Less Accumulated Depreciation	(10,318)	(7,298)
	\$ 4,782	\$ 7,802

SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM
Notes to Financial Statements
December 31, 2021 and 2020

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:

	2021	2020
Lease payable to A&B Business in monthly installments of \$285. Interest is at 6%. Final payment due October 2023.	\$ 5,830	\$ 8,803
Less Current Maturities	(3,121)	(2,918)
Long-term Portion	\$ 2,709	\$ 5,885

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

2022	\$ 3,121
2023	2,709
	\$ 5,830

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, 2021.

Note 13 - Date of Management's Review

Subsequent events have been evaluated through January 5, 2023, the date the financial statements were available to be issued.