

**SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM**

**AUDITED FINANCIAL STATEMENTS**

**December 31, 2017 and 2016**

**Fenenga, DeSmet & Company, LLC**

Certified Public Accountants  
Winner, SD | Rapid City, SD



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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 statement of financial position as of December 31, 2017, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, 2017, 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.

**Prior Period Financial Statements**

The financial statements as of December 31, 2016, were audited by DeSmet and Biggs, LLP whose report dated November 15, 2017 expressed an unmodified opinion on those statements.



Fenenga, DeSmet & Company, LLC  
Rapid City, SD  
October 26, 2018

**SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 205,727	\$ 80,022
Prepaid expenses	2,100	-
Total Current Assets	207,827	80,022
<b>Property and Equipment, Net</b>	12,214	14,853
<b>Other Assets</b>		
Security deposit	1,425	1,425
Total Other Assets	1,425	1,425
<b>Total Assets</b>	\$ 221,466	\$ 96,300
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued payroll taxes	\$ 5,891	\$ 2,078
Deferred revenues	-	4,000
Current portion, capital lease	2,111	1,989
Total Current Liabilities	8,002	8,067
<b>Long-term Liabilities</b>		
Capital lease - copier	4,622	6,733
Total Long-Term Liabilities	4,622	6,733
<b>Total Liabilities</b>	12,624	14,800
<b>Net Assets</b>		
Unrestricted Net Assets	137,821	81,500
Temporarily Restricted Net Assets	71,021	-
Permanently Restricted Net Assets	-	-
<b>Total Net Assets</b>	208,842	81,500
<b>Total Liabilities and Net Assets</b>	\$ 221,466	\$ 96,300

See accompanying notes and independent auditors' report.

**SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM**  
**STATEMENTS OF ACTIVITIES**

	<b>For the Years</b>	
	<b>Ended December 31,</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>UNRESTRICTED NET ASSETS</b>		
<b>Public Support and Revenue</b>		
Public Support		
Governmental grants	\$ 101,423	\$ 84,629
Private grants	28,000	25,000
United Way allocation	96,390	96,714
Contributions	45,761	20,214
Special events	27,701	29,949
Total Public Support	<u>299,275</u>	<u>256,506</u>
Other Revenue		
Interest income	<u>44</u>	<u>17</u>
Net Assets Released from Restrictions	<u>13,079</u>	<u>-</u>
<b>Total Public Support and Revenue</b>	<b>312,398</b>	<b>256,523</b>
<b>Functional Expenses</b>		
Program Services		
Advocacy	200,320	210,687
Supporting Services		
Management and general	41,067	40,769
Fundraising expenses	14,690	38,451
<b>Total Functional Expenses</b>	<b>256,077</b>	<b>289,907</b>
<b>Other Expenses</b>		
Loss on Asset Disposal	<u>-</u>	<u>316</u>
<b>Total Expenses</b>	<b>256,077</b>	<b>290,223</b>
Increase/(Decrease) in Unrestricted Net Assets	<u>56,321</u>	<u>(33,700)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Support - Grant Revenue	84,100	-
Net Assets Released from Restrictions	<u>(13,079)</u>	<u>-</u>
Increase in Temporarily Restricted Net Assets	<u>71,021</u>	<u>-</u>
<b>Change in Net Assets</b>	<b>127,342</b>	<b>(33,700)</b>
<b>NET ASSETS, Beginning of Year</b>	<b>81,500</b>	<b>115,200</b>
<b>NET ASSETS, End of Year</b>	<b><u>\$ 208,842</u></b>	<b><u>\$ 81,500</u></b>

See accompanying notes and independent auditors' report.

**SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM**

**STATEMENT OF FUNCTIONAL EXPENSES**

**December 31, 2017**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Functional Expenses</b>				
Payroll				
Salaries and wages	\$ 125,438	\$ 24,102	\$ 3,189	\$ 152,729
Employee benefits	13,014	2,257	326	15,597
Payroll taxes	<u>9,548</u>	<u>1,656</u>	<u>240</u>	<u>11,444</u>
Total Payroll	<u>148,000</u>	<u>28,015</u>	<u>3,755</u>	<u>179,770</u>
Other				
Accounting and auditing	7,817	2,201	1,082	11,100
Advertising/Public relations	5,055	-	-	5,055
Computer related	3,608	626	90	4,324
Depreciation	4,122	715	104	4,941
Fundraising projects	-	-	8,013	8,013
Insurance	2,493	433	63	2,989
Interest expense	375	70	23	468
Maintenance and repairs	530	96	25	651
Mileage - administration	-	1,891	-	1,891
Miscellaneous	589	110	30	729
Office, copier and postage	1,112	3,096	935	5,143
Rent of space	19,899	3,451	500	23,850
Telephone and internet	1,816	315	46	2,177
Training and travel	854	48	24	926
Volunteer expenses	<u>4,050</u>	<u>-</u>	<u>-</u>	<u>4,050</u>
Total Other	<u>52,320</u>	<u>13,052</u>	<u>10,935</u>	<u>76,307</u>
<b>Total Functional Expenses</b>	<u>\$ 200,320</u>	<u>\$ 41,067</u>	<u>\$ 14,690</u>	<u>\$ 256,077</u>

See accompanying notes and independent auditors' report.

**SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM**

**STATEMENT OF FUNCTIONAL EXPENSES**

**December 31, 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Functional Expenses</b>				
Payroll				
Salaries and wages	\$ 132,067	\$ 21,954	\$ 18,300	\$ 172,321
Employee benefits	13,112	2,182	1,817	17,111
Payroll taxes	<u>10,322</u>	<u>1,717</u>	<u>1,430</u>	<u>13,469</u>
Total Payroll	<u>155,501</u>	<u>25,853</u>	<u>21,547</u>	<u>202,901</u>
Other				
Accounting and auditing	2,825	5,650	2,825	11,300
Advertising/Public relations	1,447	-	362	1,809
Computer related	-	-	-	-
Depreciation	3,778	708	236	4,722
Fundraising projects	-	-	9,353	9,353
Insurance	3,013	565	188	3,766
Interest expense	468	88	29	585
Maintenance and repairs	2,058	386	129	2,573
Mileage - administration	1,408	264	88	1,760
Miscellaneous	669	126	41	836
Office, copier and postage	2,743	673	376	3,792
Rent of space	22,133	3,682	3,067	28,882
Telephone and internet	1,518	252	210	1,980
Training and travel	10,089	2,522	-	12,611
Volunteer expenses	<u>3,037</u>	<u>-</u>	<u>-</u>	<u>3,037</u>
Total Other	<u>55,186</u>	<u>14,916</u>	<u>16,904</u>	<u>87,006</u>
<b>Total Functional Expenses</b>	<u>\$ 210,687</u>	<u>\$ 40,769</u>	<u>\$ 38,451</u>	<u>\$ 289,907</u>

See accompanying notes and independent auditors' report.

**SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM**  
**STATEMENTS OF CASH FLOWS**

	<b>For the Years</b>	
	<b>Ended December 31,</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
<b>Cash Flows From Operating Activities</b>		
Increase/(Decrease) in Net Assets	\$ 127,342	\$ (33,700)
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by operating activities:		
Depreciation	4,940	4,722
Loss on disposals of fixed assets	-	316
(Increase)/Decrease in:		
Prepaid expenses	(2,100)	2,565
Increase/(Decrease) in:		
Accrued payroll taxes	3,813	(1,393)
Deferred revenue	(4,000)	-
Net Cash Provided by/(Used in) Operating Activities	<u>129,995</u>	<u>(27,490)</u>
<b>Cash Flows from Financing Activities</b>		
Payments on capital lease	<u>(1,990)</u>	<u>(1,873)</u>
Net Cash Provided by/(Used in) Financing Activities	<u>(1,990)</u>	<u>(1,873)</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant, and equipment	<u>(2,300)</u>	<u>-</u>
Net Cash Provided by/(Used in) Investing Activities	<u>(2,300)</u>	<u>-</u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		
During the Year	125,705	(29,363)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>80,022</u>	<u>109,385</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 205,727</u></u>	<u><u>\$ 80,022</u></u>
<b>Supplemental Cash Flow Information:</b>		
Cash paid for interest, charged to expense	\$ 469	\$ 585
Non-cash transactions:		
Equipment junked, net of accumulated depreciation	\$ -	\$ 316
Copier acquired through capital lease	\$ -	\$ 10,595

See accompanying notes and independent auditors' report.



**SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**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 Accounting and Income Taxes

The accompanying financial statements of CASA have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. 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.

Basis of Presentation

Net assets of the Organization and changes are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations stating that they will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations stating 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.

Contributions and other revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on 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 are reported as net assets released from restrictions.

Support and Revenue

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.

**SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**Note 1 - Summary of Significant Accounting Policies (cont'd)**

Deferred Revenue

Income from certain grants and event sponsorships are deferred and recognized over the periods to which they relate. For the year ended December 31, 2016, the balance of deferred revenues was \$4,000 which consisted of event sponsorships for the subsequent year. The balance at December 31, 2017 was \$0.

Functional Expenses

Expenses are charged to program based on direct expenditures incurred. Any program expenditures not directly charged are allocated to management and general and fundraising based on an analysis of personnel time and space utilized for the related activities.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Organization considers all highly liquid investments and deposits with a term to maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at December 31, 2017 or 2016.

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 unrestricted net assets.

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.

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.

Financial Statement Reclassification

For comparability, certain amounts in the 2016 financial statements may have been reclassified, where appropriate, to conform to the financial statement presentation used in 2017. There was no effect on previously reported Net Assets.

**SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**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 as shown in the following table:

	Percentage of Total Revenues	
	<u>2017</u>	<u>2016</u>
United Way Funding	31%	38%
Governmental Grants	32%	33%

**Note 3 - Rent**

The Organization rents offices, a reception area, and storage on a monthly basis until terminated by either party. Either party may terminate the leases upon 60 day written notice. Rent expenses were \$23,850 and \$28,882 for the years ended December 31, 2017 and 2016, respectively.

**Note 4 - Land, Buildings and Equipment**

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

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 30,722	\$ 30,722
Software	4,290	1,990
	<u>35,012</u>	<u>32,712</u>
Less accumulated depreciation	(22,798)	(17,859)
Net land, buildings and equipment	<u>\$ 12,214</u>	<u>\$ 14,853</u>

The following is a summary of changes in land, buildings and equipment for the year ended December 31, 2017:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
	<u>Balance</u>			
Furniture and equipment	\$ 30,722	\$ -	\$ -	\$ 30,722
Software	1,990	2,300	-	4,290
Total	<u>\$ 32,712</u>	<u>\$ 2,300</u>	<u>\$ -</u>	<u>\$ 35,012</u>

Depreciation expense was \$4,940 and \$4,722 for the fiscal years ended December 31, 2017 and 2016, respectively.

**Note 5 - Concentration of Credit Risk**

CASA maintains cash balances in two accounts at a local financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2017 there was not an uninsured cash balance.

**SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**Note 6 - 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, 2017 and 2016, the Organization's total contribution was \$831 and \$2,994, respectively.

**Note 7 - Advertising**

The Organization has adopted a policy of expensing advertising costs as incurred. Total advertising costs for the years ended December 31, 2017 and 2016 were \$5,055 and \$1,809, respectively.

**Note 8 - Net Assets**

Temporarily restricted net assets consist of the following at December 31, 2017:

Purpose	
General, time restricted	\$ 66,171
Innovative Grant	4,850
Total	<u>\$ 71,021</u>

**Note 9 - Capital Lease**

The Organization leases its copier from Marco Leasing Company under a capital lease. The economic substance of the lease 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 asset included in Property and Equipment at December 31:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 10,595	\$ 10,595
Less Accumulated Depreciation	(4,238)	(2,119)
	<u>\$ 6,357</u>	<u>\$ 8,476</u>

**SEVENTH CIRCUIT COURT APPOINTED SPECIAL ADVOCATE PROGRAM**  
**Notes to Financial Statements**  
**December 31, 2017 and 2016**

**Note 9 – Capital Lease (continued)**

The lease commenced in January 2016 and the terms of the lease are 60 monthly payments of \$205 each at an imputed interest rate at 6%. The lease agreement contains a bargain purchase option at the end of the lease term. The final lease payment is due in December of 2020.

Depreciation of the asset held under the capital lease is included with depreciation expense.

**Note 10 – Long-term Debt**

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

	<u>2017</u>	<u>2016</u>
Lease payable to Marco Leasing Company in monthly installments of \$205. Interest is at 6%. Final payment due December 2020.	\$ 6,733	\$ 8,722
Less Current Maturities	<u>(2,111)</u>	<u>(1,989)</u>
Long-term Portion	<u>\$ 4,622</u>	<u>\$ 6,733</u>

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

2018	\$ 2,111
2019	2,242
2020	<u>2,380</u>
	<u>\$ 6,733</u>

**Note 11 – Date of Management’s Review**

Subsequent events have been evaluated through October 26, 2018 the date the financial statements were available to be issued.