

**CASA OF NORTHEAST
OKLAHOMA, INC.**

**ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS**

FOR THE YEAR ENDED JUNE 30, 2019



Certified Public Accountants, PLLC

124 SOUTH MAIN, MIAMI, OK 74354
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CASA of Northeast Oklahoma, Inc.
Claremore, Oklahoma

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of CASA of Northeast Oklahoma, Inc. (a nonprofit organization), which comprise the statement of financial position, as of June 30, 2019, and the related statements 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.

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 of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 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 CASA of Northeast Oklahoma, Inc., as of June 30, 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.

OTHER MATTERS

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying schedule of expenditures of federal and state awards, on page 13, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management, and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing, and reconciling, such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 23, 2019 on our consideration of CASA of Northeast Oklahoma, Inc.'s internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting, and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of CASA of Northeast Oklahoma's internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering CASA of Northeast Oklahoma, Inc.'s internal control over financial reporting, and compliance.



OBER & LITTLEFIELD, CPAS, PLLC
MIAMI, OKLAHOMA

OCTOBER 23, 2019

CASA OF NORTHEAST OKLAHOMA, INC.
 STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2019

Assets	
Current Assets	
Cash and cash equivalents	\$ 21,424.05
Investments	28,367.00
Grants and contracts receivable	22,437.57
Promises to give	7,500.00
Prepaid expenses	1,216.51
Total Current Assets	<u>80,945.13</u>
Property and Equipment	
Furniture and equipment	17,013.74
Less: Accumulated depreciation	(6,833.51)
Total Property, Plant and Equipment	<u>10,180.23</u>
Other Assets	
Deposits	400.00
Total Assets	<u>\$ 91,525.36</u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 1,724.57
Wages payable	968.15
Payroll taxes payable	34.15
Total Liabilities	<u>2,726.87</u>
Net Assets	
Without donor restrictions	81,298.49
With donor restrictions	7,500.00
Total Net Assets	<u>88,798.49</u>
Total Liabilities and Net Assets	<u>\$ 91,525.36</u>

The accompanying notes are an integral part of these financial statements

CASA OF NORTHEAST OKLAHOMA, INC.
STATEMENT OF ACTIVITIES
JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support			
Support:			
Grants - VOCA	\$ 204,509.88	\$ -	\$ 204,509.88
Grants - CASA	49,972.45	-	49,972.45
United Way	-	15,000.00	15,000.00
Donations	75,873.30	-	75,873.30
In-kind donations	7,050.00	-	7,050.00
Total Support	<u>337,405.63</u>	<u>15,000.00</u>	<u>352,405.63</u>
Net assets released from restrictions	<u>16,625.00</u>	<u>(16,625.00)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>354,030.63</u>	<u>(1,625.00)</u>	<u>352,405.63</u>
Expenses			
Program	240,145.64	-	240,145.64
Management and general	73,287.32	-	73,287.32
Fundraising expenses	14,850.00	-	14,850.00
Total Expenses	<u>328,282.96</u>	<u>-</u>	<u>328,282.96</u>
Change in Net Assets	25,747.67	(1,625.00)	24,122.67
Net Assets, Beginning of Year	<u>55,550.82</u>	<u>9,125.00</u>	<u>64,675.82</u>
Net Assets, End of Year	<u>\$ 81,298.49</u>	<u>\$ 7,500.00</u>	<u>\$ 88,798.49</u>

The accompanying notes are an integral part of these financial statements

CASA OF NORTHEAST OKLAHOMA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2019

	Programs	Support Services		Total Expenses
		Management & General	Fundraising	
Advertising	\$ -	\$ 1,269.21	\$ -	\$ 1,269.21
Bank charges	-	192.20	-	192.20
Background checks	692.30	351.70	-	1,044.00
Insurance	3,424.70	2,901.60	-	6,326.30
Memberships and dues	6,059.20	-	-	6,059.20
Office supplies	581.00	2,156.19	-	2,737.19
Other expenses	4,185.12	396.79	-	4,581.91
Payroll tax expense	16,451.09	2,340.00	1,100.00	19,891.09
Payroll processing fees	-	1,890.74	-	1,890.74
Professional fees	-	3,800.00	-	3,800.00
Rent expense	-	15,775.00	-	15,775.00
Repairs and maintenance	598.76	1,484.63	-	2,083.39
Salaries and wages	196,561.42	29,250.00	13,750.00	239,561.42
Utilities	2,166.10	2,587.90	-	4,754.00
Vehicle expense	9,425.95	6,077.94	-	15,503.89
Total Expenses Before Depreciation	240,145.64	70,473.90	14,850.00	325,469.54
Depreciation	-	2,813.42	-	2,813.42
Total Expenses	\$ 240,145.64	\$ 73,287.32	\$ 14,850.00	\$ 328,282.96

The accompanying notes are an integral part of these financial statements

CASA OF NORTHEAST OKLAHOMA, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2019

Cash Flows from Operating Activities:	
Change in net assets	\$ 24,122.67
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	2,813.42
Unrealized gains on investments	(1,588.05)
(Increase)/Decrease in:	
Contracts receivable	(35.19)
Promises to give	1,625.00
Prepaid expenses	5,248.29
Increase/(Decrease) in:	
Accounts payable	(10,277.59)
Accrued employee expenses	(7,846.43)
Payroll taxes payable	(5,438.41)
Net Cash Provided/(Used) by Operating Activities	<u>8,623.71</u>
Cash Flows From Capital and Related Financing Activities:	
Purchases of improvements, vehicles and equipment	<u>(7,050.00)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,573.71
Cash and Cash Equivalents - June 30, 2018	<u>19,850.34</u>
Cash and Cash Equivalents - June 30, 2019	<u>\$ 21,424.05</u>

The accompanying notes are an integral part of these financial statements

Note 1 - Nature of Organization

Nature of Activities

CASA of Northeast Oklahoma, Inc. (the “Organization”) was incorporated in 1995 under the laws of the State of Oklahoma. On May 12, 2014, the Organization changed the name from Tri County Casa, Inc. On August 14, 2019, the Organization changed their name from Child Advocates of Northeast Oklahoma to CASA of Northeast Oklahoma, Inc. The corporation is a nonprofit organization under the Internal Revenue Code Section 501 (c)(3) and is exempt from federal and state income taxes. The major objective of the Organization is recruiting, training, and supervising volunteer court-appointed special advocates, who provide a voice in the courts of Rogers, Mayes, Craig, Ottawa, and Delaware counties, for abused and neglected children. The Organization receives the majority of its funding through grants from the Attorney General’s office, the Oklahoma CASA Association, local United Way agencies, and other local sources. The Organization is in the process of further expanding its service area to include a nearby two-county judicial district.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Accordingly, revenue is recorded when earned, and expenses are recorded when incurred. The financial statements are presented in accordance with authoritative accounting standards for not for profit organizations. As such, the standards require contributions to be recognized as revenue when they are received, or unconditionally pledged, and net assets to be classified as net assets with restrictions or without restrictions, depending on the limitations placed on the contributions when received.

Cash and Cash Equivalents

Cash, and cash equivalents, include all monies in banks and highly liquid investments, with maturity dates of less than three months. The carrying value of cash, and cash equivalents, approximates fair value because of the short maturities of those financial instruments.

Investments

Investments in certificates of deposits, mutual funds, and fixed income funds are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit, and market, risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions, and credit exposure is limited at any one institution. The Organization has not experienced any losses on its cash equivalents.

Note 2 - Summary of Significant Accounting Policies: (continued)

Promises to Give

Promises to give represent promises by donors to give in future periods. Promises are recognized in the period received if all eligibility requirements are met, and if such amounts are both measurable, and probable, of collection.

Property and Equipment

The Organization capitalizes property and equipment with an original cost over \$1,000, and an estimated useful life of more than one year. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions, at their estimated fair value. Such donations are reported as unrestricted contributions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated, or acquired, assets are placed in service. The Organization reclassifies net assets with restrictions to net assets without restrictions at that time. Property and equipment are depreciated using the straight-line method, over their estimated useful lives ranging from five (5) to forty (40) years.

Compensated Absences

The Organization's policy for vacation allows full-time employees, with at least two (2) years of employment, to earn two weeks of vacation. For two (2) to three (3) years of employment, full-time employees earn three (3) weeks of vacation. Once employed four (4) to six (6) years of employment, full-time employees earn four (4) weeks of vacation, and beyond six (6) years of employment, employees are to earn five (5) weeks of vacation. Vacation time cannot be accumulated in excess of five (5) weeks. Part time employees shall be prorated, with $\frac{1}{2}$ paid time off benefits for $\frac{1}{2}$ time employees, and $\frac{3}{4}$ paid time off benefits for $\frac{3}{4}$ time employees. Annual vacation must be used within the calendar year it is granted, and may not be carried over, and shall not be paid out to employees upon separation of employment.

Full-time employees also earn sick leave at the end of the three months of "in training" status. Full time employees receive ten (10) days of paid sick leave per year. All other employees receive a prorated number of paid sick days, based on percentage of employment. Sick leave is not payable upon termination.

Revenue Recognition

Contributions received are recorded as support with restrictions or support without restrictions, depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without restrictions. Support received from grant agreements, and contracts, are recognized when income is earned, or becomes available for use by the Organization. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as support with restrictions that increases that net asset class. When a temporary restriction expires, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Note 2 - Summary of Significant Accounting Policies: (continued)

Support and Revenue

The Organization receives the majority of its funding through grants from the Attorney General's office, the Oklahoma CASA Association, local United Way agencies, and other local sources. Support received from grants is recognized when income is earned, or becomes available for use, by the Organization. The VOCA grant received contains a matching requirement of volunteer hours and/or other contributions. As of June 30, 2019, the necessary volunteer hours and matching contributions reported for this grant was adequate.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates, and assumptions, that affect certain reported amounts, and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Organization's deposits may not be returned to it. The Organization does not have a deposit policy for custodial credit risk. As of June 30, 2019, the Organization's bank balances were fully insured by FDIC. Investment balances, as of June 30, 2019, were protected by SIPC.

Note 4 - Grants and Contracts Receivable

As of June 30, 2019, accounts receivable from grants and contracts was composed of:

Victims of Crime Act	\$ 17,818.08
Oklahoma CASA Association	<u>4,619.49</u>
Total	<u>\$ 22,437.57</u>

Note 5 - Promises to Give

As of June 30, 2019, promises to give were composed of:

United Way - Ottawa County	<u>\$ 7,500.00</u>
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Note 6 - Net Assets with Restrictions

As of June 30, 2019, net assets with restrictions were composed of:

United Way - Ottawa County	<u><u>\$ 7,500.00</u></u>
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Note 7 - Capital Assets

Capital asset activity during the year was as follows:

	<u>Balance</u> <u>6/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2019</u>
Fixtures and Equipment	\$ 9,963.74	\$ 7,050.00	\$ -	\$ 17,013.74
Accumulated Depreciation	<u>(4,020.09)</u>	<u>(2,813.42)</u>	<u>-</u>	<u>(6,833.51)</u>
Net Property and Equipment	<u><u>\$ 5,943.65</u></u>	<u><u>\$ 4,236.58</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,180.23</u></u>

Note 8 - Functional Allocation of Expenses

The costs of providing the various programs, and supporting services, have been summarized on a functional basis, in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based on the relative time spent by the employees providing these services.

Note 9 - Economic Dependence

The Organization receives a large portion of its revenue from the State of Oklahoma Victims of Crime Act grant. During 2018, the Organization recognized revenue from the State of Oklahoma Victims of Crime Act grant, in the amount of \$204,509.88, which represents 58.03% of total revenues.

Note 10 – Evaluation of Subsequent Events

The Organization has evaluated subsequent events through October 23, 2019, the date which the financial statements were available to be issued, and no additional disclosures are deemed necessary.

Note 11 – Liquid Resources

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action.

Cash and cash equivalents	\$ 21,424.05
Investments	28,367.00
Grant and contributions receivable	<u>29,937.57</u>
Total financial assets	79,728.62
Less financial assets held to meet donor-imposed restrictions:	
Time restricted net assets	7,500.00
Less board-designated for emergency planning purposes	
Board designated funds for capital campaign	-
Amounts set aside for liquidity reserves	-
Amount available for general expenditure within one year	<u><u>\$ 72,228.62</u></u>

Note 12 – New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which is effective for fiscal years beginning after December 15, 2017. This ASU makes significant changes in the presentation of the financial statements and enhanced disclosures of Not-for -Profit entities.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes schedules not required by GAS, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Expenditures of Federal and State Awards

CASA OF NORTHEAST OKLAHOMA, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 JUNE 30, 2019

<u>Funding Source/Pass-Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Contract or Award Number</u>	<u>Contract or Award Amount</u>	<u>Recognized Expenses</u>
<u>U.S. Department of Justice</u>				
<u>Office of Juvenile Justice and Delinquency Prevention</u>				
<u>Pass-through National Children's Alliance</u>				
Court Appointed Special Advocates	16.758	N/A	106,600.00	\$ 49,972.45
Total FEDERAL ASSISTANCE				<u>49,972.45</u>
<u>State of Oklahoma</u>				
<u>District Attorney's Council</u>				
Victims of Crime Act	16.575	2017-VOCA-CANO	202,950.00	50,876.38
Victims of Crime Act	16.575	2018-VOCA-CANO	226,856.00	<u>153,633.50</u>
Total STATE OF OKLAHOMA				<u>204,509.88</u>
TOTAL GRANTS AND CONTRACTS				<u>\$ 254,482.33</u>

INTERNAL CONTROL AND COMPLIANCE SECTION



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
CASA of Northeast Oklahoma, Inc.
Claremore, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits, contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of CASA of Northeast Oklahoma, Inc. (“the Organization”) (a nonprofit organization), which comprise the statement of financial position, as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements, and have issued our report thereon, dated October 23, 2019.

Internal Control Over Financial Reporting

In planning, and performing, our audit of the financial statements, we considered CASA of Northeast Oklahoma, Inc.’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate, in the circumstances, for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CASA of Northeast Oklahoma, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design, or operation, of a control does not allow management, or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CASA of Northeast Oklahoma, Inc.’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct, and material, effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
CASA of Northeast Oklahoma, Inc.
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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control, and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control, or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the organization's internal control, and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

A handwritten signature in cursive script that reads "Ober & Littlefield, PLLC".

OBER & LITTLEFIELD, CPAs, PLLC
MIAMI, OKLAHOMA

OCTOBER 23, 2019