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September 19, 2019

Board of Directors
Court Appointed Advocates for Children, Inc.
d/b/a Advocates for Children
P.O. Box 2107
Columbus, IN 47202

We have reviewed the audit report of Court Appointed Advocates for Children, Inc. d/b/a Advocates for Children which was opined upon by Agresta, Storms & O'Leary, PC, Independent Public Accountants, for the period January 1, 2018 to December 31, 2018. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Court Appointed Advocates for Children, Inc. d/b/a Advocates for Children as of December 31, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Agresta, Storms & O'Leary, PC prepared the audit report in accordance with guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

**COURT APPOINTED ADVOCATES
FOR CHILDREN, INC.**

FINANCIAL STATEMENTS

**DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR
ENDED DECEMBER 31, 2017**

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

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Independent Auditors' Report

To the Board of Directors of
COURT APPOINTED ADVOCATES FOR CHILDREN, INC.
Columbus, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Court Appointed Advocates for Children, Inc. (an Indiana not-for-profit corporation) (the Organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, 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 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 Court Appointed Advocates for Children, Inc. as of December 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited Court Appointed Advocates for Children, Inc.'s December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Agrata, Stormo & O'Leary, PC

Columbus, Indiana
August 1, 2019

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF DECEMBER 31, 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 148,571	\$ 104,325
Grants receivable	100,238	60,534
Investments	138	61,889
Prepaid expenses	<u>1,828</u>	<u>4,243</u>
Total current assets	250,775	230,991
Property and equipment, net	<u>33,170</u>	<u>28,297</u>
Total assets	<u><u>\$ 283,945</u></u>	<u><u>\$ 259,288</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 17,671	\$ 19,678
Accrued expenses	<u>4,830</u>	<u>4,100</u>
Total current liabilities	<u>22,501</u>	<u>23,778</u>
Net assets:		
Without donor restrictions	237,444	220,387
With donor restrictions	<u>24,000</u>	<u>15,123</u>
Total net assets	<u>261,444</u>	<u>235,510</u>
Total liabilities and net assets	<u><u>\$ 283,945</u></u>	<u><u>\$ 259,288</u></u>

See accompanying Notes to Financial Statements.

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Year Ended December 31, 2018			Year Ended December 31, 2017
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues:				
Public support and revenue:				
Corporate and individual giving	\$ 45,842	\$ -0-	\$ 45,842	\$ 58,037
Grants and foundations	262,767	24,165	286,932	209,385
United Way and United Fund	253,287	-0-	253,287	215,780
County courts appropriations	133,268	-0-	133,268	122,850
State match of county courts	131,748	-0-	131,748	142,673
Gifts in kind	10,962	-0-	10,962	7,242
Net assets released from restrictions:				
Satisfaction of program restrictions	15,288	(15,288)	-0-	-0-
Total public support and revenue	853,162	8,877	862,039	755,967
Fundraising events:				
Crooners for CASA	40,012	-0-	40,012	40,700
Dash O' Lantern 5k	10,121	-0-	10,121	-0-
Night of 1000 Jacks	-0-	-0-	-0-	29,645
Corporate events and other	18,035	-0-	18,035	17,031
Total fundraising events	68,168	-0-	68,168	87,376
Other:				
Investment income	112	-0-	112	105
Unrealized loss on investments, net	(2,111)	-0-	(2,111)	3,537
Total other revenues	(1,999)	-0-	(1,999)	3,642
Total revenues	919,331	8,877	928,208	846,985
Expenses:				
Program services:				
Direct service	753,840	-0-	753,840	680,380
Supporting services:				
Management and general	62,067	-0-	62,067	54,643
Fundraising	86,366	-0-	86,366	80,571
Total supporting services	148,433	-0-	148,433	135,214
Total expenses	902,274	-0-	902,274	815,594
Change in net assets	17,057	8,877	25,934	31,391
Net assets, beginning of year	220,387	15,123	235,510	204,119
Net assets, end of year	\$ 237,444	\$ 24,000	\$ 261,444	\$ 235,510

See accompanying Notes to Financial Statements.

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Year Ended December 31, 2018					Year Ended December 31, 2017
	Program Services	Supporting Services			Total	
	Direct Service	Management and General	Fundraising	Total Supporting Services	Total	
Salaries and wages	\$ 531,794	\$ 36,044	\$ 36,927	\$ 72,971	\$ 604,765	\$ 584,365
Payroll taxes	42,490	2,880	2,950	5,830	48,320	46,927
Employee benefits	68,989	4,657	4,809	9,466	78,455	49,955
	<u>643,273</u>	<u>43,581</u>	<u>44,686</u>	<u>88,267</u>	<u>731,540</u>	<u>681,247</u>
Fundraising events:						
Crooners for CASA *	-0-	-0-	17,174	17,174	17,174	8,794
Dash O'Lantern 5K *	-0-	-0-	1,187	-0-	1,187	-0-
Night of 1000 Jacks *	-0-	-0-	-0-	-0-	-0-	6,822
Corporate events and other	-0-	-0-	5,448	5,448	5,448	7,985
	<u>-0-</u>	<u>-0-</u>	<u>23,809</u>	<u>22,622</u>	<u>23,809</u>	<u>23,601</u>
Office and other overhead	56,902	4,016	6,025	10,041	66,944	45,068
Consulting	-0-	3,750	11,250	15,000	15,000	-0-
Travel	26,579	822	-0-	822	27,401	25,060
Professional fees	-0-	9,500	-0-	9,500	9,500	9,667
Assistance to individuals *	8,665	-0-	-0-	-0-	8,665	11,443
Depreciation	5,633	398	596	994	6,627	8,417
Public relations *	10,078	-0-	-0-	-0-	10,078	8,004
Training	2,670	-0-	-0-	-0-	2,670	1,949
Volunteer recognition	40	-0-	-0-	-0-	40	1,138
Total	<u>\$ 753,840</u>	<u>\$ 62,067</u>	<u>\$ 86,366</u>	<u>\$ 147,246</u>	<u>\$ 902,274</u>	<u>\$ 815,594</u>

*Amounts include in-kind

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 25,934	\$ 31,391
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,627	8,417
Unrealized (gain) loss on investments	2,111	(3,607)
Changes in operating assets and liabilities:		
Grants receivable	(39,704)	(7,167)
Prepaid expenses	2,415	(1,041)
Accounts payable and accrued expenses	(1,277)	(14,030)
Net cash provided by (used in) operating activities	<u>(3,894)</u>	<u>13,963</u>
Cash flows from investing activities:		
Purchase of property and equipment	(11,500)	-0-
Proceeds from sale of investments	59,640	-0-
Net cash provided by investing activities	<u>48,140</u>	<u>-0-</u>
Net increase in cash and cash equivalents	44,246	13,963
Cash and cash equivalents, beginning of year	<u>104,325</u>	<u>90,362</u>
Cash and cash equivalents, end of year	<u>\$ 148,571</u>	<u>\$ 104,325</u>

See accompanying Notes to Financial Statements.

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ENTITY

Court Appointed Advocates for Children, Inc. (the Organization) was formed in 1982 as the Bartholomew County Youth Advocacy Commission. The Organization was incorporated in the State of Indiana in April 1989 as a not-for-profit corporation. In February 2004, the name was amended to Court Appointed Advocates for Children, Inc. The Organization's mission is to provide advocacy for abused or neglected children in south central Indiana in legal proceedings to ensure that they are given safe, permanent homes. The Organization achieves this mission by providing trained volunteers or staff advocates to represent the children in court proceedings.

NEW ACCOUNTING STANDARD

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* that amends how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. This new standard, which the Organization has adopted during the year ended December 31, 2018, requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and changes in those resources) to donors, grantors, creditors, and other users. The effect of ASU No. 2016-14 resulted in a reclassification of net assets from temporarily restricted net assets to net assets with donor restrictions of \$15,123 at December 31, 2017.

FINANCIAL STATEMENT PRESENTATION

The financial statements are in conformity with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. This statement established standards for external financial reporting for not-for-profit organizations.

ASC 958 primarily affects the display of financial statements and requires that the amounts for each of two classes of net assets – net assets with donor restrictions and net assets without donor restrictions – be displayed in an aggregate statement of financial position and the amounts of change in each of those classes be displayed in a statement of changes in net assets. The two-part net asset accounts used include the following:

Net Assets Without Donor Restrictions – Funds that have not been restricted in any manner by the donors are referred to as net assets without donor restrictions and are available for general Organization purposes. The Organization had net assets without donor restrictions of \$237,444 and \$220,387 at December 31, 2018 and 2017, respectively.

Net Assets With Donor Restrictions – Funds received from donors or grantors who have specified as to the use of their gifts or grants for specific purposes. Net assets with donor restrictions are subject to donor-imposed restrictions that will be met by future obligations or are to be invested and maintained intact in perpetuity. The Organization had net assets with donor restrictions of \$24,000 and \$15,123 at December 31, 2018 and 2017, respectively.

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

PUBLIC SUPPORT AND REVENUE RECOGNITION

Corporate, foundation, and individual contributions are considered unconditional promises to give (pledges) and are recognized as revenues in the period received or promised. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

Significant revenues are generated from county and state-appropriated funds for court-appointed special advocate services to be provided by the Organization to the respective county. Other sources of revenue are received from various eligible grant awards, and corporate, foundation and individual contributions, including contributions from other not-for-profit organizations.

The Organization reports contributions as net assets without donor restrictions and net assets with donor restrictions if they received with donor stipulations as to their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets with donor restrictions are released and reclassified to net assets without donor restrictions in the statement of activities and changes in net assets. Donor-restricted contributions that are received and utilized in the same reporting period are recorded as net assets without donor restrictions.

Gains and losses on other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates.

STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

INVESTMENTS

The Organization carries its investments at fair market value as required by ASC 820, *Fair Value Measurement*. Interest and dividends are reported in the period earned or accrued. Realized and unrealized gains and losses are included in the statement of activities and changes in net assets in the period recognized.

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

PROPERTY AND EQUIPMENT

Purchases of property and equipment having a cost in excess of \$1,000 and a useful life of three or more years are capitalized at cost. Donated assets are capitalized at the estimated fair value at date of receipt. Any gain or loss on the sale or disposal of property or equipment is reported as other activity on the statement of activities and changes in net assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Lives</u>
Furniture and equipment	7 years
Computer equipment	5 years
Leasehold improvements	39 years

GIFTS IN KIND

Gifts in kind consist of contributed services and donated assets and materials. Contributed services are to be reported at fair value in the financial statements for voluntary donations of services when those services either (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. Donated materials are recorded at their fair value at the date of the gift. The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

During the years ended December 31, 2018 and 2017, the value of contributed services and materials meeting the requirements for recognition in the financial statements was \$10,962 and \$7,242, respectively. These donations were provided to cover client assistance, travel, advertising and printing expenses.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization; however, these services do not meet the criteria for recognition as contributed services.

INCOME TAXES

The Organization is organized as a not-for-profit corporation and, accordingly, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, except for amounts representing unrelated business income. There was no unrelated business income for the years ended December 31, 2018 and 2017.

The Organization files income tax returns in the U.S. federal jurisdiction and one state. The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for the years before the year ended December 31, 2015. As of and for the year ended December 31, 2018, the tax authorities have not proposed any adjustments to the Organization that would result in a material change to the Organization's financial position. No interest or penalties have been recorded in these financial statements. GAAP requires an entity to recognize the financial statement impact of a tax benefit position when it is more likely than not that the position will be sustained upon examination. The Organization does not believe it is taking any uncertain tax benefit positions.

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

FUNCTIONAL EXPENSES

The allocation of the costs of providing the Organization's various programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program services, and supporting services based on management's estimates of resources devoted to these activities.

RECLASSIFICATION

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported change in net assets.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available for general expenditures within one year of the statement of financial position date include cash and cash equivalents, grants receivable, and short-term investments.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization has a policy to invest cash in excess of daily requirements in short-term investments.

3. GRANTS RECEIVABLE / CONCENTRATIONS

The Organization anticipates collection of all outstanding grants receivable and, therefore, has established no allowance for uncollectible grants receivable. The Organization recorded \$-0- bad debt expense for both of the years ended December 31, 2018 and 2017. Grants receivable at December 31, 2018 and 2017 consist of \$100,238 and \$45,909 from the Indiana Criminal Justice Institute, VOCA Grant, representing 100% and 76% of grants receivable at December 31, 2018 and 2017, all respectively.

Major funding is defined as individual contributors or sources that represent greater than 10% of total operating revenues. The Organization received major funding for the years ended December 31, 2018 and 2017 from the following:

	<u>2018</u>	<u>2017</u>
Indiana Criminal Justice Institute, VOCA	\$ 218,579	\$ 190,713
United Way of Bartholomew County, Inc.	156,000	155,000
State of Indiana, CASA matching funds	<u>131,748</u>	<u>142,673</u>
Total	<u>\$ 506,327</u>	<u>\$ 488,386</u>

For the years ended 2018 and 2017, these contributions represented approximately 58% and 64%, respectively, of the Organization's total public support and revenues.

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

4. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 33,289	\$ 21,789
Computer equipment	44,699	44,699
Leasehold improvements	<u>11,143</u>	<u>11,143</u>
	89,131	77,631
Accumulated depreciation	<u>(55,961)</u>	<u>(49,334)</u>
Property and equipment, net	<u><u>\$ 33,170</u></u>	<u><u>\$ 28,297</u></u>

Depreciation expense was \$6,627 and \$8,417 for the years ended December 31, 2018 and 2017, respectively. The Organization has assessed property and equipment for impairment and determined there has been no impairment during the years ended December 31, 2018 and 2017.

5. ENDOWMENT FUND

In July 2009, the Board of Directors, by written agreement, voted to establish an advised agency endowment fund to be known as Advocates for Children Fund (Fund) to be administered and controlled by the Jennings County Community Foundation, Inc. (Community Foundation). All contributions (including gifts and bequests) are made as irrevocable transfers to Community Foundation, and it has been granted absolute power to invest and retain all such funds. The Fund is a component part of the Community Foundation, and all monies and property in the Fund are held as general assets of the Community Foundation and not segregated as trust property of a separate trust. Therefore, assets contributed to the Fund are considered assets of the Foundation and are not reported on the Organization's financial statements.

On an annual basis, the Community Foundation may distribute prior year Fund allocated earnings to the Organization upon request, when the total Fund balance exceeds a prescribed minimum. This would be recognized as unrestricted public support and revenue by the Organization. There were distributions in the amounts of \$286 and \$272 for the years ended December 31, 2018 and 2017, respectively. Community Foundation may receive contributions to the Fund from individual donors. There were no contributions to the Fund for the years ended December 31, 2018 and 2017. Community Foundation's total recorded value of the Fund was \$4,969 and \$5,732 at December 31, 2018 and 2017, respectively, and this amount is not reported in the Organization's financial statements.

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

6. CONDITIONAL PROMISES TO GIVE

The Organization received conditional promises to give from United Way and other funding sources that totaled approximately \$232,500 and \$235,287 at December 31, 2018 and 2017, respectively. As these promises to give are conditional and those conditions were not substantially met at December 31, 2018 and 2017, the Organization did not record these amounts as contributions receivable.

7. INVESTMENTS

Investments are recorded at market and, along with components of investment return, are summarized as follows:

	<u>Cost</u>	<u>Market</u>
Mutual funds:		
December 31, 2017	\$ 50,194	\$ 53,815
Money market funds:		
December 31, 2018	\$ -0-	\$ 138
December 31, 2017	\$ 8,074	\$ 8,074

The components of total investment return were as follows:

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Unrealized gain (loss) on investments	<u>\$ (2,111)</u>	<u>\$ 3,607</u>
Total investment return	<u><u>\$ (2,111)</u></u>	<u><u>\$ 3,607</u></u>

8. FAIR VALUE MEASUREMENTS

The Organization follows ASC 820 which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

Level 2 – Observable inputs other than quoted prices in Level 1, such as quoted prices for similar assets and liabilities in active markets, similar assets and liabilities in markets that are not active or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of and for the year ended December 31, 2018.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization's fair value for investments at December 31, 2018 and 2017 was determined as follows:

<u>Description</u>	<u>Total</u>	<u>Fair Value Measurement Inputs</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2018:</u>				
Mutual funds:				
Money market	\$ 138	\$ 138	\$ -0-	\$ -0-
Total assets at fair value	<u>\$ 138</u>	<u>\$ 138</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>2017:</u>				
Mutual funds:				
High yield	\$ 53,815	\$ 53,815	\$ -0-	\$ -0-
Money market	8,074	8,074	-0-	-0-
Total assets at fair value	<u>\$ 61,889</u>	<u>\$ 61,889</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Staffing (Nugent)	\$ 5,500	\$ 6,000
Initial training (Custer, Teegarten)	9,000	7,500
Organizational Excellence (Heritage Fund)	9,000	-0-
Other activities	<u>500</u>	<u>1,623</u>
Net assets with donor restrictions	<u>\$ 24,000</u>	<u>\$ 15,123</u>

10. RETIREMENT PLANS

The Organization maintains a 403(b) tax-deferred annuity pension plan (TDA) and a simplified employee pension plan (SEP) for employees who are at least 21 years of age and have two years of service. The 403(b) plan consists of employee contributions only. The Organization may contribute to the SEP plan, but employer contributions are not required. The Organization made SEP contributions of 3% of participants' eligible compensation for the years ended December 31, 2018 and 2017. Total employer SEP contributions were \$15,311 and \$14,511 for the years ended December 31, 2018 and 2017, respectively.

11. LEASE

The Organization is party to an operating lease with United Way of Bartholomew County, Inc. for administrative office facilities. The lease is effective through September 2021, with monthly payments ranging from \$1,275 to \$1,350 over the term of the lease. Included in the lease payments are utilities, routine cleaning, outdoor maintenance, and snow removal.

Minimum noncancelable lease payments as of December 31, 2018 are:

<u>Year ending December 31:</u>	
2019	\$ 15,300
2020	15,525
2021	<u>12,150</u>
	<u>\$ 42,975</u>

Total rent expense (including other miscellaneous occupancy expenses) was \$16,417 and \$14,416 for the years ended December 31, 2018 and 2017, respectively.

COURT APPOINTED ADVOCATES FOR CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2018
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

12. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through August 1, 2019, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure in the financial statements.