

Cheryl Rohlfs & Associates, Ltd.

Certified Public Accountants

CASA LAKE COUNTY, INC.
FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2012 AND 2011

WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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Cheryl Rohlf's & Associates, Ltd.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

February 14, 2013

To The Board of Directors of
CASA Lake County, Inc.

We have audited the accompanying statements of financial position of CASA Lake County, Inc. (an Illinois nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the fiscal years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA Lake County, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2013 on our consideration of CASA Lake County, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

CHERYL ROHLF'S & ASSOCIATES, LTD.

Northbrook, Illinois

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CASA LAKE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 630,169	\$ 726,466
Investments	235,244	221,711
Accounts Receivable	1,430	-
Unconditional Promises to Give	13,676	69,098
Prepaid Expenses	1,933	3,735
Security Deposits	4,225	4,225
Property and Equipment:		
Office Equipment	42,480	71,797
Furniture and Fixtures	25,925	8,419
Software	2,000	2,000
Website	<u>5,000</u>	<u>5,000</u>
	75,405	87,216
Less: Accumulated Depreciation	<u>(36,567)</u>	<u>(66,643)</u>
Total Property and Equipment	<u>38,838</u>	<u>20,573</u>
Total Assets	<u>\$ 925,515</u>	<u>\$ 1,045,808</u>
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 27,706	\$ 70,550
Deferred Revenue	<u>10,000</u>	<u>40,000</u>
Total Liabilities	<u>37,706</u>	<u>110,550</u>
Net Assets		
Unrestricted	673,674	705,536
Board Designated	<u>214,135</u>	<u>214,135</u>
Total Unrestricted	887,809	919,671
Temporarily Restricted	<u>-</u>	<u>15,587</u>
Total Net Assets	<u>887,809</u>	<u>935,258</u>
Total Liabilities and Net Assets	<u>\$ 925,515</u>	<u>\$ 1,045,808</u>

See accompanying notes and independent auditor's report.

CASA LAKE COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS:		
Unrestricted Revenues and Gains:		
Public Support:		
Government Grants (Schedule I)	\$ 46,455	\$ 43,950
Contributions and United Way (Schedule I)	456,150	572,123
Special Events:		
Anniversary Dinner	285,712	338,006
Golf Outing	154,517	142,195
Other	33,805	1,265
Other Revenues:		
Training Fees	3,060	3,070
Investment Income	6,221	6,226
Unrealized Gains on Investments	7,376	3,601
Total Unrestricted Revenues and Gains	<u>993,296</u>	<u>1,110,436</u>
Net Assets Released from Restrictions satisfied by payments:	<u>15,587</u>	<u>25,746</u>
Total Unrestricted Revenues, Gains and Other Support	<u>1,008,883</u>	<u>1,136,182</u>
Expenses:		
Program Services	751,645	619,337
Supporting Services:		
Management and General	40,794	36,543
Fundraising	248,306	194,825
Total Expenses	<u>1,040,745</u>	<u>850,705</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	<u>\$ (31,862)</u>	<u>\$ 285,477</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Restricted Support for the Organization's Program	\$ -	\$ 15,587
Net Assets Released From Restrictions:		
Restrictions Satisfied By Payments	<u>(15,587)</u>	<u>(25,746)</u>
(DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>\$ (15,587)</u>	<u>\$ (10,159)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (47,449)</u>	<u>\$ 275,318</u>
NET ASSETS, BEGINNING OF YEAR	<u>935,258</u>	<u>659,940</u>
NET ASSETS, END OF YEAR	<u>\$ 887,809</u>	<u>\$ 935,258</u>

See accompanying notes and independent auditor's report.

CASA LAKE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	Program	Management and General	Fundraising	2012 Total
Compensation and Related Expenses:				
Salaries	\$ 528,948	\$ 20,328	\$ 70,928	\$ 620,204
Payroll Taxes	41,134	1,581	5,516	48,231
Employee Benefits	40,684	1,564	5,455	47,703
	<u>\$ 610,766</u>	<u>\$ 23,473</u>	<u>\$ 81,899</u>	<u>\$ 716,138</u>
Seminars and Education	2,166	-	-	2,166
Travel and Lodging - Staff	468	-	-	468
Meetings and Conferences	5,819	1,940	-	7,759
Advocate Training and Development	2,494	-	-	2,494
Recognition Dinner	7,530	-	-	7,530
Occupancy	55,185	3,246	6,492	64,923
Telephone and Internet	5,292	312	623	6,227
Postage	3,226	190	380	3,796
Office Expenses and Printing	15,581	917	1,833	18,331
Insurance	4,793	1,514	-	6,307
Dues and Subscriptions	815	1,330	-	2,145
Professional Fees	8,566	7,400	-	15,966
Promotional Materials	19,791	-	-	19,791
Fundraising Expenses:				
Annual Dinner Auction	-	-	110,436	110,436
Golf Outings	-	-	42,767	42,767
Other	-	-	2,932	2,932
Loss on Sale of Equipment	1,133	-	-	1,133
Total Expenses Before Depreciation	<u>\$ 743,625</u>	<u>\$ 40,322</u>	<u>\$ 247,362</u>	<u>\$ 1,031,309</u>
Depreciation	8,020	472	944	9,436
TOTAL EXPENSES	<u><u>\$ 751,645</u></u>	<u><u>\$ 40,794</u></u>	<u><u>\$ 248,306</u></u>	<u><u>\$ 1,040,745</u></u>

See accompanying notes and independent auditor's report.

CASA LAKE COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011 (CONTINUED)

	Program	Management and General	Fundraising	2011 Total
Compensation and Related Expenses:				
Salaries	\$ 420,732	\$ 16,884	\$ 44,743	\$ 482,359
Payroll Taxes	33,325	1,337	3,544	38,206
Employee Benefits	54,807	2,200	5,828	62,835
	<u>\$ 508,864</u>	<u>\$ 20,421</u>	<u>\$ 54,115</u>	<u>\$ 583,400</u>
Seminars and Education	3,109	-	-	3,109
Travel and Lodging - Staff	2,396	-	-	2,396
Meetings and Conferences	6,528	2,079	-	8,607
Advocate Training and Development	2,677	-	-	2,677
Recognition Dinner	5,497	-	-	5,497
Occupancy	44,223	2,610	5,378	52,211
Telephone and Internet	5,164	304	608	6,076
Postage	3,228	190	380	3,798
Office Expenses and Printing	12,270	721	1,443	14,434
Insurance	4,992	1,539	-	6,531
Dues and Subscriptions	903	1,474	-	2,377
Professional Fees	7,440	6,824	-	14,264
Promotional Materials	5,563	-	-	5,563
Fundraising Expenses:				
Annual Dinner Auction	-	-	83,113	83,113
Golf Outings	-	-	49,025	49,025
Total Expenses Before Depreciation	<u>\$ 612,854</u>	<u>\$ 36,162</u>	<u>\$ 194,062</u>	<u>\$ 843,078</u>
Depreciation	6,483	381	763	7,627
TOTAL EXPENSES	<u><u>\$ 619,337</u></u>	<u><u>\$ 36,543</u></u>	<u><u>\$ 194,825</u></u>	<u><u>\$ 850,705</u></u>

See accompanying notes and independent auditor's report.

CASA LAKE COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ (47,449)	\$ 275,318
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	9,436	7,627
Unrealized Losses (Gains) on Investments	(7,376)	(3,601)
Realized Losses on Disposal of Equipment	1,133	-
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(1,430)	-
Unconditional Promises to Give	55,422	(21,002)
Prepaid Expenses	1,802	4,205
Security Deposit	-	(3,225)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(42,844)	15,847
Deferred Revenue	<u>(30,000)</u>	<u>40,000</u>
 NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	 <u>\$ (61,306)</u>	 <u>\$ 315,169</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) Decrease in Investments	\$ (6,157)	\$ (11,214)
(Purchases) Disposals of Property and Equipment	<u>(28,834)</u>	<u>(2,500)</u>
 NET CASH (USED BY) INVESTING ACTIVITIES	 <u>\$ (34,991)</u>	 <u>\$ (13,714)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>
 NET INCREASE (DECREASE) IN CASH	 \$ (96,297)	 \$ 301,455
CASH, BEGINNING OF YEAR	<u>726,466</u>	<u>425,011</u>
CASH, END OF YEAR	<u>\$ 630,169</u>	<u>\$ 726,466</u>
Supplemental Information:		
Income Taxes Paid	\$ -	\$ -
Interest Paid	\$ -	\$ -

See accompanying notes and independent auditor's report.

CASA LAKE COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

CASA Lake County, Inc. (Organization) was incorporated under the laws of Illinois in October 1993, as a non-for-profit corporation for the purpose of training volunteers to represent abused and neglected children in the Lake County Juvenile Court System.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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.

Investments

Investments in equity securities and certificates of deposit are stated at fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Property and Equipment

It is the Organization's policy to capitalize property and equipment more than \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations for property and

equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 support.

Property and equipment are depreciated using the straight-line method over the useful lives of the assets as follows:

Office Equipment	5-10 years
Furniture and Fixtures	5-10 years

Promises to Give

In June 2011, United Way of Lake County notified the Organization of their unconditional promise to give one half of the annual allocation. This contribution of \$15,537 was recorded in Unconditional Promises to Give on the Statements of Financial Position, along with \$53,510 from other grants and contributions. As of June 30, 2012, the Organization had recorded \$13,676 of grants and contributions as Unconditional Promises to Give.

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.

Expense Allocations

The costs of providing program and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, costs have been allocated between the Organization's program and the supporting services in a direct functional method, when applicable, and on the basis of proportional use of the service provided.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased by the Organization. Donated services are recorded at their fair values in the year received.

2. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in five financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The cash balances did not exceed the insured limits during the fiscal years ended June 30, 2012 and 2011.

3. INVESTMENTS

The Organization has short-term investments in certificates of deposits and equity securities, which are carried at the quoted market value.

These investments include the following at June 30:

	<u>2012</u>	<u>2011</u>
Certificates of Deposit		
Due 8/7/13, 0.85%	\$ 62,620	\$ 62,073
Due 3/21/13, 1.29%	73,744	72,997
Due 5/29/14, 3.0%	<u>54,851</u>	<u>53,227</u>
	\$ 191,215	\$ 188,297
Equity Securities	<u>44,029</u>	<u>33,414</u>
 Total Investments	 <u>\$ 235,244</u>	 <u>\$ 221,711</u>

The investment income and changes in market value have been included in the Statements of Activities of \$7,376 for fiscal 2012 and \$6,226 for fiscal 2011.

4. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis as of June 30, 2012 were as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 191,215	\$ 191,215	\$ -	\$ -
Equity Securities	<u>44,029</u>	<u>44,029</u>	<u>-</u>	<u>-</u>
	<u>\$ 235,244</u>	<u>\$ 235,244</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis as of June 30, 2011 were as follows:

	<u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	\$ 188,297	\$ 188,297	\$ -	\$ -
Equity Securities	<u>33,414</u>	<u>33,414</u>	<u>-</u>	<u>-</u>
	<u>\$ 221,711</u>	<u>\$ 221,711</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for these investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

5. LEASE COMMITMENT

For fiscal year 2011, the Organization had an operating lease agreement for office space to January 31, 2011, which was extended to July 31, 2011 at a monthly rental of \$3,331. CASA Lake County entered into a lease agreement for new office space for a five-year term beginning on April 15, 2011, at a monthly rental of \$4,000. The Organization is also responsible for utilities expense, landscaping and snow removal and security under this agreement. The lease agreement includes an option to purchase the real estate and other personal property of the Landlord at any time on or before April 15, 2013. The purchase price is \$750,000 in cash, and the closing date must be mutually agreeable to both parties within 90 days of exercising this option.

Minimum future rental payments under the office operating lease are:

Fiscal Year Ending	Amount
June 30, 2013	\$ 48,000
June 30, 2014	48,000
June 30, 2015	48,000
June 30, 2016	<u>36,000</u>
	<u>\$ 180,000</u>

Rent expenses for the fiscal years ended June 30, 2012 and 2011, were \$48,000 and \$44,311, respectively.

6. DONATED GOODS

During the fiscal year ended June 30, 2012, the Organization received \$20,925 in donated office furniture. These contributions have been recorded in contributions revenues and as furniture and fixtures on the Statement of Financial Position.

7. TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2011, temporarily restricted net assets of \$15,587 were restricted primarily for use in fiscal year 2012 for salaries and program expenses.

8. EVALUATION OF SUBSEQUENT EVENTS


The Organization has evaluated subsequent events through February 14, 2013, the date which the financial statements were available to be issued.

**INDEPENDENT AUDITOR'S REPORT
ON OTHER FINANCIAL INFORMATION**

February 14, 2013

To the Board of Directors of
CASA Lake County, Inc.

We have audited the financial statements of CASA Lake County, Inc. as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated February 14, 2013, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of public support are presented for the purposes of additional analysis and are 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.



CHERYL ROHLFS & ASSOCIATES, LTD.
Northbrook, Illinois

CASA LAKE COUNTY, INC.
SCHEDULES OF PUBLIC SUPPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
UNITED WAY, CONTRIBUTIONS AND OTHER GRANTS:		
National CASA	\$ 52,500	\$ 96,500
United Way	15,587	32,737
Astellas USA Foundation	25,000	-
Circle of Service	35,000	20,000
Trustmark Foundation	-	30,000
Church of the Holy Spirit	5,000	8,000
Colonel Stanley R. McNeil Foundation	-	20,000
Winnetka Congregational Church	5,000	5,000
John R. Houlsby Foundation	10,000	20,000
George M. Eisenberg Foundation for Charities	5,000	5,000
Abbott Laboratories Fund	40,000	15,000
Takeda Pharmaceutical Products, Inc.	-	25,000
Baxter International Inc.	25,000	25,000
Zurich American Insurance	7,500	12,500
Health Care Service Corporation	8,500	8,500
Free Arts of Illinois	-	7,500
Blowitz-Ridgeway Foundation	10,000	12,000
Estate Bequest	-	114,435
Hospira Foundation	5,000	-
Lundbeck	25,000	-
Illinois Bar Foundation	5,000	-
Chicago Mercantile Exchange	5,000	-
Deluxe Corporation Foundation	5,000	-
Grace A. Bersted Foundation	20,000	-
AON Foundation	25,000	-
Motorola Mobility Foundation	5,000	-
CDW	5,000	-
Various Organizations, Foundations, Churches, and Individuals Contributions and Grants	<u>112,063</u>	<u>130,538</u>
	456,150	587,710
Less: Grants Classified as Temporarily Restricted Net Assets	<u>-</u>	<u>(15,587)</u>
Total Unrestricted	<u>\$ 456,150</u>	<u>\$ 572,123</u>

See accompanying notes and independent auditor's report.

CASA LAKE COUNTY, INC.
SCHEDULES OF PUBLIC SUPPORT (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
GRANTS FROM GOVERNMENTAL AGENCIES:		
City of Waukegan - Community Development Block Grant	\$ 6,000	\$ -
Waukegan Township Grant	2,000	1,000
Lake County Community Development Block Grant	26,000	30,000
Libertyville Township Grant	3,050	2,500
State of Illinois Attorney General - Violent Crime Victims Assistance Act Grant	9,405	10,450
Total Unrestricted	<u>\$ 46,455</u>	<u>\$ 43,950</u>
 SPECIAL EVENT SPONSORS AND CONTRIBUTORS:		
Abbott Labs Foundation	\$ 10,000	\$ 8,750
Allstate Insurance	-	5,000
Baxter International	1,250	3,750
CDW	30,000	67,500
Service Net of CDW	3,000	6,000
Chicago Community Trust	-	6,000
AON Hewitt Associates	22,500	20,000
Lundbeck Inc.	25,000	32,500
Takeda Pharmaceutical Products, Inc.	5,000	6,250
Underwriters Laboratories	15,000	5,500
Fifth Third Bank	5,000	-
Fortune Brands Home & Security	20,000	-
Illinois Tool Works, Inc.	5,000	-
Hewlett-Packard Tech	10,000	-
Impact Sports, LLC	10,000	-
EMT	5,000	-
Other Individuals and Foundations	34,500	49,769
	<u>\$ 201,250</u>	<u>\$ 211,019</u>

See accompanying notes and independent auditor's report.

**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**

February 14, 2013

To the Board of Directors of
CASA Lake County, Inc.

We have audited the financial statements of CASA Lake County, Inc. (a nonprofit organization) as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated February 14, 2013. 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.

Internal Control Over Financial Reporting

Management of CASA Lake County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered CASA Lake County, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 Lake County, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organizations's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

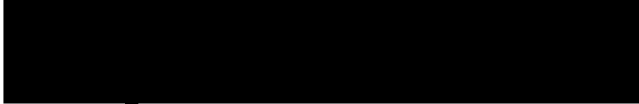
Compliance and Other Matters

As part of obtaining reasonable assurance about whether CASA Lake County, Inc. financial statements are free of 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*.

Cheryl Rohlf & Associates, Ltd.

Certified Public Accountants

This report is intended solely for the information and use of management, the Board of Directors and other within the organization and is not intended to be and should not be used by anyone other than these specified parties.



CHERYL ROHLFS & ASSOCIATES, LTD.
Northbrook, Illinois