



CALIFORNIA CASA

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021



Leaf & Cole, LLP

Certified Public Accountants

A Partnership of Professional Corporations

**CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 14
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 <i>Government Auditing Standards</i>	15 - 16



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
California Court Appointed Special Advocate Association

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California Court Appointed Special Advocate Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of California Court Appointed Special Advocate Association as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California Court Appointed Special Advocate Association, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of California Court Appointed Special Advocate Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about California Court Appointed Special Advocate Association's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2022 on our consideration of California Court Appointed Special Advocate Association'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 California Court Appointed Special Advocate Association'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 California Court Appointed Special Advocate Association's internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
October 21, 2022

**CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

ASSETS

	<u>2022</u>	<u>2021</u>
<u>Current Assets:</u> (Notes 2 and 4)		
Cash and cash equivalents	\$ 2,229,060	\$ 2,124,915
Accounts receivable	125,613	11,640
Pledge receivable	250,000	-
Prepaid expenses	13,047	11,435
Total Current Assets	<u>2,617,720</u>	<u>2,147,990</u>
<u>Noncurrent Assets:</u> (Note 4)		
Pledge receivable, net	<u>465,335</u>	-
Total Noncurrent Assets	<u>465,335</u>	-
TOTAL ASSETS	<u>\$ 3,083,055</u>	<u>\$ 2,147,990</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 2 and 7)		
Accounts payable and accrued expenses	\$ 48,829	\$ 24,403
Accrued payroll and related liabilities	184,434	157,326
Deferred revenue	-	674,033
Total Current Liabilities	<u>233,263</u>	<u>855,762</u>
Total Liabilities	<u>233,263</u>	<u>855,762</u>
<u>Commitments and Contingency:</u> (Note 7)		
<u>Net Assets:</u> (Notes 2, 5 and 6)		
Without Donor Restrictions:		
Undesignated	989,340	692,228
Board designated operating reserve	<u>836,255</u>	<u>600,000</u>
Total Net Assets Without Donor Restrictions	1,825,595	1,292,228
With Donor Restrictions	<u>1,024,197</u>	-
Total Net Assets	<u>2,849,792</u>	<u>1,292,228</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,083,055</u>	<u>\$ 2,147,990</u>

The accompanying notes are an integral part of the financial statements.

**CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 655,926	\$ 1,242,691	\$ 1,898,617	\$ 806,501	\$ -	\$ 806,501
Grants and contracts	1,254,229	-	1,254,229	1,171,019	-	1,171,019
Special event	22,916	-	22,916	-	-	-
In-kind contributions	15,596	-	15,596	19,692	-	19,692
Investment income	3,276	-	3,276	2,515	-	2,515
Other revenue	1,139	-	1,139	433	-	433
Net assets released from restrictions	218,494	(218,494)	-	-	-	-
Total Revenue and Support	<u>2,171,576</u>	<u>1,024,197</u>	<u>3,195,773</u>	<u>2,000,160</u>	<u>-</u>	<u>2,000,160</u>
Expenses:						
Program Services	1,149,867	-	1,149,867	1,204,682	-	1,204,682
Total Program Services	<u>1,149,867</u>	<u>-</u>	<u>1,149,867</u>	<u>1,204,682</u>	<u>-</u>	<u>1,204,682</u>
Supporting Services:						
General and administrative	208,067	-	208,067	126,305	-	126,305
Fundraising	280,275	-	280,275	196,683	-	196,683
Total Supporting Services	<u>488,342</u>	<u>-</u>	<u>488,342</u>	<u>322,988</u>	<u>-</u>	<u>322,988</u>
Total Expenses	<u>1,638,209</u>	<u>-</u>	<u>1,638,209</u>	<u>1,527,670</u>	<u>-</u>	<u>1,527,670</u>
Change in Net Assets	533,367	1,024,197	1,557,564	472,490	-	472,490
Net Assets at Beginning of Year	<u>1,292,228</u>	<u>-</u>	<u>1,292,228</u>	<u>819,738</u>	<u>-</u>	<u>819,738</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,825,595</u>	<u>\$ 1,024,197</u>	<u>\$ 2,849,792</u>	<u>\$ 1,292,228</u>	<u>\$ -</u>	<u>\$ 1,292,228</u>

The accompanying notes are an integral part of the financial statements.

**CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Supporting Services				Total Expenses
	Program Services	General and Administrative	Fundraising	Total Supporting Services	
<u>Salaries and Related Expenses:</u>					
Salaries and wages	\$ 662,653	\$ 138,719	\$ 185,078	\$ 323,797	\$ 986,450
Employee benefits	63,955	13,389	17,862	31,251	95,206
Payroll taxes	47,994	10,047	13,405	23,452	71,446
Total Salaries and Related Expenses	774,602	162,155	216,345	378,500	1,153,102
<u>Nonsalary Related Expenses:</u>					
Conference and events	1,160	-	-	-	1,160
Dues and subscriptions	3,329	697	930	1,627	4,956
Equipment and repairs	1,129	238	316	554	1,683
Fundraising fees and software	7,031	1,472	4,638	6,110	13,141
Grants to local programs	47,500	-	-	-	47,500
In-kind expenses	10,477	2,193	2,926	5,119	15,596
Insurance	8,509	951	1,270	2,221	10,730
Interest expense	551	115	154	269	820
Marketing and outreach	52,854	-	-	-	52,854
Occupancy	899	188	251	439	1,338
Office technology	5,547	1,161	1,549	2,710	8,257
Other	15,994	879	1,171	2,050	18,044
Postage, printing and supplies	9,545	1,998	2,666	4,664	14,209
Professional services	163,220	34,168	45,587	79,755	242,975
Technology for local programs	25,520	-	-	-	25,520
Telephone	7,450	1,559	2,081	3,640	11,090
Travel and meetings	13,384	293	391	684	14,068
Workshops and convenings	1,166	-	-	-	1,166
Total Nonsalary Related Expenses	375,265	45,912	63,930	109,842	485,107
Total Expenses	\$ 1,149,867	\$ 208,067	\$ 280,275	\$ 488,342	\$ 1,638,209

The accompanying notes are an integral part of the financial statements.

**CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Supporting Services			Total Supporting Services	Total Expenses
	Program Services	General and Administrative	Fundraising		
<u>Salaries and Related Expenses:</u>					
Salaries and wages	\$ 639,809	\$ 94,622	\$ 146,958	\$ 241,580	\$ 881,389
Employee benefits	87,612	12,338	21,040	33,378	120,990
Payroll taxes	47,998	7,701	10,586	18,287	66,285
Total Salaries and Related Expenses	775,419	114,661	178,584	293,245	1,068,664
<u>Nonsalary Related Expenses:</u>					
Dues and subscriptions	6,152	909	1,435	2,344	8,496
Equipment and repairs	3,285	485	767	1,252	4,537
Fundraising fees and software	6,116	901	1,429	2,330	8,446
Grants to local programs	33,597	-	-	-	33,597
Insurance	4,545	671	1,060	1,731	6,276
Interest expense	1,096	161	256	417	1,513
Marketing and outreach	175,776	-	-	-	175,776
Occupancy	4,500	665	1,049	1,714	6,214
Office technology	3,987	589	930	1,519	5,506
Other	25,533	2,362	3,438	5,800	31,333
Postage, printing and supplies	14,752	2,070	3,551	5,621	20,373
Professional fees	116,785	1,816	2,581	4,397	121,182
Technology for local programs	26,246	-	-	-	26,246
Telephone	6,734	995	1,571	2,566	9,300
Travel and meetings	159	20	32	52	211
Total Nonsalary Related Expenses	429,263	11,644	18,099	29,743	459,006
Total Expenses	\$ 1,204,682	\$ 126,305	\$ 196,683	\$ 322,988	\$ 1,527,670

The accompanying notes are an integral part of the financial statements.

**CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 1,520,127	\$ 472,490
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) Decrease in:		
Accounts receivable	(76,536)	5,449
Pledge receivable, net	(715,335)	-
Prepaid expenses	(1,612)	5,626
Increase (Decrease) in:		
Accounts payable and accrued expenses	24,426	39,471
Accrued payroll and related liabilities	27,108	30,931
Deferred revenue	(674,033)	5,788
Net Cash Provided by Operating Activities	<u>104,145</u>	<u>559,755</u>
Net Increase in Cash and Cash Equivalents	104,145	559,755
Cash and Cash Equivalents at Beginning of Year	<u>2,124,915</u>	<u>1,565,160</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 2,229,060</u></u>	<u><u>\$ 2,124,915</u></u>

The accompanying notes are an integral part of the financial statements.

CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 1 - Organization:

The California Court Appointed Special Advocate Association (California CASA) is a private, nonprofit corporation supported by a balanced mix of public and private grants and philanthropic contributions. California CASA works on a statewide level to actively support a network of 44 local CASA programs in 51 counties. California CASA strengthens the scope, quality, and impact of the CASA network by aiding individual programs in their efforts to provide quality advocacy services to abused and neglected children in the juvenile courts, using trained CASA volunteers. We provide local CASA programs with professional-level training, technical assistance, curriculum, marketing, fundraising, and other resources; helping local programs expand their services to more children; identifying and pursuing strategic alliances that leverage and increase children's resources statewide; expanding public awareness about the needs of children in California's foster care system; advocating for improved child welfare practices and policies; and promoting CASA as an effective, cost-efficient, and compassionate model to ensure that children's best interests are met, their voices are heard, and their health and emotional needs are supported.

Mission and Vision

California CASA's mission is to ensure that children and youth in the foster care system have both a voice and the services they need for a stable future.

California CASA's vision is that one day every foster child in California will have access to the transformative service and support of a CASA volunteer.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of California CASA have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, a board-designated operating reserve.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Note 2 - Significant Accounting Policies: (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that 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 results could differ from those estimates.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). California CASA had no financial instruments at June 30, 2022 and 2021.

Capitalization and Depreciation

California CASA capitalizes all expenditures in excess of \$3,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions 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 support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, California CASA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. California CASA reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. California CASA had no capitalized property and equipment at June 30, 2022 and 2021.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation totaling \$84,302 and \$79,629 at June 30, 2022 and 2021, respectively, is accrued when incurred and included in accrued payroll and related liabilities.

CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition

Contributions

Contributions are recognized when the donor makes a promise in writing to give to California CASA that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor- imposed restrictions, if any, on the contributions.

Grants and Contracts

Revenue from grants and contracts is recognized in the period in which the related work is performed in accordance with the terms of the contract. Accounts receivable, recorded when revenue earned under a grant and contract exceeds the cash received, totaled \$84,369 and \$11,640 at June 30, 2022 and 2021, respectively.

California CASA receives its grant support through direct and subgrantee awards from various agencies. California CASA receives advances or is reimbursed for direct costs incurred in the conduct of providing program services. Costs incurred by California CASA and reimbursed by agencies of the United States Government are subject to audit by such agencies. Management believes the results of such audits will not have a material adverse effect on the financial position or results of operations of California CASA.

Events

Revenue from events are recognized as performance obligations are satisfied, and any non-refundable portion of the contract is recorded as revenue upon receipt.

Donated Services and Support

California CASA utilizes the services of volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements, unless the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. California CASA received in-kind professional legal, recruiting and accounting services totaling \$7,350 and \$10,692 for the years ended June 30, 2022 and 2021, respectively, and have been included in in-kind contributions and expense. California CASA received contributions of donated goods totaling \$8,246 and \$7,500 for the years ended June 30, 2022 and 2021, respectively and the amount has been included in in-kind contributions and expense. California CASA also received donated space totaling \$-0- and \$1,500 for the years ended June 30, 2022 and 2021, respectively and the amount has been included in in-kind contributions and expense.

**CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

Note 2 - Significant Accounting Policies: (Continued)

Donated Services and Support

The following table summarizes donated services and goods measured at fair value received for the years ended June 30:

2022				
Items Donated	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Raffle prizes	\$8,246	Fundraising event	Donor restriction - raffle prizes for Trivia Night event	Donated raffle prizes are valued at the gross selling price received.
Legal services	\$7,350	Various program services	No associated donor restrictions	Donated services from attorneys are valued at the estimated fair value based on current rates for similar legal services.
2021				
Items Donated	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Legal services	\$10,037	Various program services	No associated donor restrictions	Donated services from attorneys are valued at the estimated fair value based on current rates for similar legal services.
Program supplies	\$7,500	Various program services	No associated donor restrictions	Estimated the fair value on the basis of estimate of current market price that would be received for selling similar products in the United States.
Rent	\$1,500	General and Administrative	No associated donor restrictions	Estimated the fair value on the basis of base rental fee agreed upon per current rental agreement.
Recruiting and accounting services	\$655	General and Administrative	No associated donor restrictions	Estimated the fair value on the basis of estimate of current market price noted on vendor contract/invoice for services.

CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2 - Significant Accounting Policies: (Continued)

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. California CASA allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by California CASA's management.

Income Taxes

California CASA is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. California CASA believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. California CASA is not a private foundation.

California CASA's Return of Organization Exempt from Income Tax for the years ended June 30, 2022, 2021, 2020 and 2019 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, California CASA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounting Pronouncement Adopted

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. ASU 2020-07 improves transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit entities. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. This standard is applied on a retrospective basis. The adoption had no effect on the 2022 financial statements.

Subsequent Events

California CASA has evaluated subsequent events through October 21, 2022, which is the date the financial statements are available for issuance, and concluded that there were no events or transactions that needed to be disclosed.

Reclassification

California CASA has reclassified certain prior year information to conform with the current year presentation. These reclassifications have no material effect on the change in net assets as previously reported.

CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 3 - Liquidity and Availability:

California CASA regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. California CASA considers contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, California CASA considers all expenditures related to its ongoing programs, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The table below presents financial assets available for general expenditures within one year at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,229,060	\$ 2,124,915
Accounts receivables	125,613	11,640
Pledge receivables	<u>250,000</u>	<u>-</u>
Total financial assets	<u>2,604,673</u>	<u>2,136,555</u>
Less assets unavailable for general expenditures:		
Cash and investments held for board-designated purposes	<u>(836,255)</u>	<u>(600,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,768,418</u>	<u>\$ 1,536,555</u>

Note 4 - Pledge Receivable:

In September 2021, California CASA was informed that its largest donor, who preferred to remain anonymous in his lifetime, had left California CASA a specific gift of \$1,000,000 from his estate, with directions that it be dispersed in \$250,000 increments over four years, beginning in 2021. The purpose of this gift is to support general operations, so California CASA could continue to find ways for local CASA programs in the state network to ultimately serve more children in foster care.

Pledge receivable consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Current:		
Due in less than one year	\$ <u>250,000</u>	\$ <u>-</u>
Total Current	<u>250,000</u>	<u>-</u>
Noncurrent:		
Due in one-to-five years	500,000	-
Less: Discounts to present value	<u>(34,665)</u>	<u>-</u>
Total Noncurrent, Net	<u>465,335</u>	<u>-</u>
Total Pledge Receivable, Net	<u>\$ 715,335</u>	<u>\$ -</u>

Pledge receivable have been discounted to their present value using a discount rate of 2.92% for the year ended June 30, 2022.

CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 5 - Board-Designated Operating Reserve:

During the fiscal year, California CASA’s Board of Directors designated a portion of its resources without donor restrictions for an operating reserve, to ensure the stability of its mission, programs, employment, and ongoing operations. The reserve provides that several months of operating expenses be maintained as a reserve. The reserve totaled \$836,255 and \$600,000 at June 30, 2022 and 2021.

Note 6 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by California CASA which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions are available for the following purpose at June 30:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Silicon Valley Community Foundation (Juvenile Justice Pilot)	\$ 281,741	\$ -
Walter S. Johnson Foundation (Enhancing & Sustaining Philanthropy)	27,121	-
Total Subject to Expenditure for Specified Purpose	308,862	-
Subject to the Passage of Time:		
Pledge receivable, net	715,335	-
Total Net Assets with Donor Restrictions	\$ 1,024,197	\$ -

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the occurrence of the passage of time or other events specified by the donors, are as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Purpose Restrictions Accomplished:		
Walter S. Johnson Foundation (Enhancing & Sustaining Philanthropy)	\$ 122,879	\$ -
Silicon Valley Community Foundation (Juvenile Justice Pilot)	95,615	-
Total Net Assets Released from Restrictions	\$ 218,494	\$ -

Note 7 - Commitments and Contingency:

Retirement Plan

California CASA has established a 403(b) retirement plan (the “Plan”) for employees. The Plan allows for employee contributions up to the maximum amount allowed by the Internal Revenue Code. California CASA may make non-elective contributions to the employee’s retirement account. The non-elective contributions will be determined at California CASA’s discretion. California CASA contributed \$26,112 and \$29,856 to the Plan for the years ended June 30, 2022 and 2021, respectively.

CALIFORNIA COURT APPOINTED SPECIAL ADVOCATE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 7 - Commitments and Contingency: (Continued)

Paycheck Protection Program Loan

In April 2020, California CASA received a loan totaling \$117,547 from the U.S. Small Business Administration, under the CARES Act Paycheck Protection Program (“PPP”). The loan is forgivable to the extent that California CASA meets the terms and conditions of the PPP. Any portion of the loan that is not forgiven bears interest at 1% and is due in April 2022. California CASA recognized \$119,016 (principal plus interest) and \$-0- as revenue for the years ended June 30, 2022 and 2021, respectively. The principal loan amount plus interest was forgiven by the U.S. Small Business Administration on July 15, 2021.

Consolidated Appropriations Act Paycheck Protection Program

In April 2021, California CASA received a loan totaling \$136,150 from the U.S. Small Business Administration under the CARES Act Paycheck Protection Program (“PPP2”). The loan is forgivable to the extent that California CASA meets the terms and conditions of the PPP2. Any portion of the loan that is not forgiven bears interest at 1% and is due in April 2026. California CASA recognized \$137,213 (principal plus interest) and \$-0- as revenue for the years ended June 30, 2022 and 2021, respectively. The principal loan amount plus interest was forgiven by the U.S. Small Business Administration on January 20, 2022.

Coronavirus Pandemic Contingency

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on California CASA’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on California CASA’s funders, donors, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact California CASA’s financial position and changes in net assets and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.



Leaf & Cole, LLP

*Certified Public Accountants
A Partnership of Professional Corporations*

**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
California Court Appointed Special Advocate Association

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 California Court Appointed Special Advocate Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 21, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered California Court Appointed Special Advocate Association's internal control over financial reporting (internal control) as a basis for designing 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 California Court Appointed Special Advocate Association's internal control. Accordingly, we do not express an opinion on the effectiveness of California Court Appointed Special Advocate Association'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 a 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Court Appointed Special Advocate Association'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 financial statements. 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*.

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.

Leaf & Cole LLP

San Diego, California
October 21, 2022