

COURT APPOINTED SPECIAL  
ADVOCATES OF ORANGE COUNTY, INC.

FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Court Appointed Special Advocates  
of Orange County, Inc.

### **Opinion**

We have audited the accompanying financial statements of Court Appointed Special Advocates of Orange County, Inc. (a California Nonprofit Corporation), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Court Appointed Special Advocates of Orange County, Inc. as of September 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Court Appointed Special Advocates of Orange County, Inc. 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 opinion.

### **Management's Responsibility 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.

## INDEPENDENT AUDITORS' REPORT (Continued)

### Management's Responsibility for the Financial Statements (Continued)

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 Court Appointed Special Advocates of Orange County, Inc.'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 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, 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 Court Appointed Special Advocates of Orange County, Inc.'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 Court Appointed Special Advocates of Orange County, Inc.'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.

INDEPENDENT AUDITORS' REPORT (Continued)

**Report on Summarized Comparative Information**

We have previously audited Court Appointed Special Advocates of Orange County, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2021 year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Guzman & Gray CPAs  
Long Beach, CA  
November 17, 2022

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 AS OF SEPTEMBER 30, 2022 AND 2021

	<u>ASSETS</u>	
	Total	
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,318,099	\$ 3,020,601
Accounts receivable	-	\$ 415,125
Pledges receivable	263,024	324,548
Grants receivable	86,049	87,019
Prepaid expenses	227,409	198,612
Total Current Assets	<u>3,894,581</u>	<u>4,045,905</u>
FURNITURE AND EQUIPMENT, NET	<u>89,158</u>	<u>49,603</u>
INVESTMENTS	<u>4,554,308</u>	<u>3,599,743</u>
OTHER ASSETS		
Endowment fund	12,144	13,014
Deposit	14,123	14,123
Other assets	5,571	1,626
Total Other Assets	<u>31,838</u>	<u>28,763</u>
TOTAL ASSETS	<u>\$ 8,569,885</u>	<u>\$ 7,724,014</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES		
Payables and accrued expenses	\$ 46,132	\$ 87,125
Accrued vacation	149,848	118,613
Accrued payroll	54,163	44,487
Deferred revenue	302,846	216,221
Total Liabilities	<u>552,989</u>	<u>466,446</u>
NET ASSETS		
Without donor restriction	7,834,099	7,036,713
With donor restriction	182,797	220,855
Total Net Assets	<u>8,016,896</u>	<u>7,257,568</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,569,885</u>	<u>\$ 7,724,014</u>

See independent auditors' report and notes to financial statements

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Foundations	\$ 922,183		\$ 922,183
Corporate	397,517		397,517
Government	602,359		602,359
Individuals	375,435	\$ 149,626	525,061
Gross special events revenue	\$ 2,747,836		
Less cost of direct benefits to donors	<u>416,189</u>		
Net special events revenue	2,331,647		2,331,647
Membership	14,155		14,155
Investment Income	(40,748)		(40,748)
	<u>4,602,548</u>	<u>149,626</u>	<u>4,752,174</u>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>			
	<u>187,684</u>	<u>(187,684)</u>	
<b>TOTAL REVENUE</b>	<u>4,790,232</u>	<u>(38,058)</u>	<u>4,752,174</u>
<b>EXPENSES</b>			
Program services	3,157,894		3,157,894
Management and general	226,686		226,686
Fundraising	608,266		608,266
<b>TOTAL EXPENSES</b>	<u>3,992,846</u>		<u>3,992,846</u>
<b>CHANGE IN NET ASSETS</b>	797,386	(38,058)	759,328
<b>BEGINNING NET ASSETS</b>	<u>7,036,713</u>	<u>220,855</u>	<u>7,257,568</u>
<b>ENDING NET ASSETS</b>	<u>\$ 7,834,099</u>	<u>\$ 182,797</u>	<u>\$ 8,016,896</u>

See independent auditors' report and notes to financial statements

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUE</b>			
Foundations	\$ 650,975		\$ 650,975
Corporate	290,007		290,007
Government	611,893		611,893
Individuals	341,794	\$ 107,914	449,708
Gross special events revenue	\$ 1,978,755		
Less cost of direct benefits to donors	<u>220,371</u>		
Net special events revenue	1,758,384		1,758,384
Membership	12,675		12,675
Investment Income	20,218		20,218
PPP loan recognition	407,573		407,573
Employer retention credit	415,125		415,125
Other income	5,175		5,175
	<u>4,513,819</u>	<u>107,914</u>	<u>4,621,733</u>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>	<u>257,325</u>	<u>(257,325)</u>	
<b>TOTAL REVENUE</b>	<u>4,771,144</u>	<u>(149,411)</u>	<u>4,621,733</u>
<b>EXPENSES</b>			
Program services	2,566,814		2,566,814
Management and general	211,091		211,091
Fundraising	440,331		440,331
<b>TOTAL EXPENSES</b>	<u>3,218,236</u>	<u></u>	<u>3,218,236</u>
<b>CHANGE IN NET ASSETS</b>	1,552,908	(149,411)	1,403,497
<b>BEGINNING NET ASSETS</b>	<u>5,483,805</u>	<u>370,266</u>	<u>5,854,071</u>
<b>ENDING NET ASSETS</b>	<u>\$ 7,036,713</u>	<u>\$ 220,855</u>	<u>\$ 7,257,568</u>

See independent auditors' report and notes to financial statements



COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	September 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 759,328	\$ 1,403,497
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	16,274	13,539
Realized and unrealized (gain) loss on investment and endowment assets	64,153	27,586
Donation of securities	-	(7,290)
(Increase) decrease in assets:		
Accounts receivable	415,125	(415,125)
Pledge receivables	61,524	93,624
Grant receivables	970	24,288
Prepaid expenses	(28,797)	(121,536)
Endowment fund	870	(1,553)
Other assets	(3,945)	13,817
Increase (decrease) in liabilities:		
Payables and accrued expenses	(40,993)	15,290
Accrued vacation	31,235	(13,619)
Accrued payroll	9,676	17,732
Deferred revenue	86,625	150,600
NET CASH FROM OPERATING ACTIVITIES	1,372,045	1,200,850
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(55,829)	(20,598)
Transfer to investment account	(1,000,000)	
Reinvested investment income	(18,718)	(47,804)
NET CASH (USED) IN INVESTING ACTIVITIES	(1,074,547)	(68,402)
NET CHANGE IN CASH AND CASH EQUIVALENTS	297,498	1,132,448
BEGINNING CASH AND CASH EQUIVALENTS	3,020,601	1,888,153
ENDING CASH AND CASH EQUIVALENTS	\$ 3,318,099	\$ 3,020,601
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
INTEREST PAID	NONE	NONE
TAXES PAID	NONE	NONE

See independent auditors' report and notes to financial statements

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Services	Management and General	Fund Raising	Cost of Direct Benefits to Donor	Total Expenses
<b>SALARIES AND RELATED EXPENSES</b>					
Salaries and wages	\$ 2,121,109	\$ 129,336	\$ 336,274		\$ 2,586,719
Payroll taxes	163,075	9,944	25,854		198,873
Employee benefits	158,120	9,641	25,068		192,829
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<u>2,442,304</u>	<u>148,921</u>	<u>387,196</u>		<u>2,978,421</u>
<b>OTHER EXPENSES</b>					
Insurance	25,814	1,574	4,092		31,480
Professional fees	134,578	3,327	20,986		158,891
Rent	152,989	4,882	12,880		170,751
Office	34,076	1,731	14,117		49,924
Telecommunications	14,462	882	2,293		17,637
Special events	6,750		137,231	\$ 416,189	560,170
Program	292,684	5,717	19,314		317,715
Bank charges	839	56,540	132		57,511
Conference and travel	13,459	484	2,768		16,711
Miscellaneous	12,876	1,696	1,157		15,729
Employee training	13,720	117	3,984		17,821
<b>TOTAL OTHER EXPENSES</b>	<u>702,247</u>	<u>76,950</u>	<u>218,954</u>	<u>416,189</u>	<u>1,414,340</u>
<b>TOTAL EXPENSES</b>					
<b>BEFORE DEPRECIATION AND DDB</b>	<u>3,144,551</u>	<u>225,871</u>	<u>606,150</u>	<u>416,189</u>	<u>4,392,761</u>
Depreciation	13,343	815	2,116		16,274
Less: Direct donor benefit				(416,189)	(416,189)
<b>TOTAL EXPENSES</b>	<u>\$ 3,157,894</u>	<u>\$ 226,686</u>	<u>\$ 608,266</u>	<u>\$ -</u>	<u>\$ 3,992,846</u>

See independent auditors' report and notes to financial statements

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services	Management and General	Fund Raising	Cost of Direct Benefits to Donor	Total Expenses
<b>SALARIES AND RELATED EXPENSES</b>					
Salaries and wages	\$ 1,787,863	\$ 87,013	\$ 269,883		\$2,144,759
Payroll taxes	125,612	6,319	18,744		150,675
Employee benefits	117,465	5,909	17,528		140,902
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<u>2,030,940</u>	<u>99,241</u>	<u>306,155</u>		<u>2,436,336</u>
<b>OTHER EXPENSES</b>					
Insurance	24,443	1,230	3,647		29,320
Professional fees	42,056	41,415	6,317		89,788
Rent	160,338	5,197	8,673		174,208
Office	24,778	5,697	6,814		37,289
Telecommunications	13,905	545	2,300		16,750
Special events	446		74,377	\$ 220,371	295,194
Program	228,875	11,156	27,470		267,501
Bank charges		41,264			41,264
Conference and travel	6,147		83		6,230
Miscellaneous	6,602	1,539	834		8,975
Employee training	18,738	2,800	675		22,213
<b>TOTAL OTHER EXPENSES</b>	<u>526,328</u>	<u>110,843</u>	<u>131,190</u>	<u>220,371</u>	<u>988,732</u>
<b>TOTAL EXPENSES BEFORE DEPRECIATION AND DDB</b>					
	<u>2,557,268</u>	<u>210,084</u>	<u>437,345</u>	<u>220,371</u>	<u>3,425,068</u>
Depreciation	9,546	1,007	2,986		13,539
Less: Direct donor benefit				(220,371)	(220,371)
<b>TOTAL EXPENSES</b>	<u>\$ 2,566,814</u>	<u>\$ 211,091</u>	<u>\$ 440,331</u>	<u>\$ -</u>	<u>\$3,218,236</u>

See independent auditors' report and notes to financial statements

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 1 – ORGANIZATION

Court Appointed Special Advocates of Orange County, Inc. (“CASA”) is a non-profit California Corporation dedicated to protecting the rights of abused, abandoned and neglected children involved in legal dependency proceedings in Orange County. Trained community volunteers are appointed by the court, and supervised by CASA professional staff, to maintain a one-to-one relationship with a child throughout the time he or she is a dependent of the court and provide information and objective recommendations to the court in order to facilitate family reunification or permanent placement.

CASA was incorporated as a nonprofit organization under the laws of the State of California in September 1984.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of CASA have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

Financial Statement Presentation

The accompanying financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles accepted in the United States of America. Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets are classified and reported as:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of the Organization or by the passage of time.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent obligations at the date of the financial statements and accompanying notes.

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

CASA considers all highly-liquid investments, which are readily convertible to known amounts of cash and which have an original maturity of three months or less, to be cash equivalents.

Endowment Fund and Investment Assets

CASA records investments at their fair market value. Contributed securities are stated at their market value on the date of donation. Realized gains and losses on sale of securities are determined based on the cost of the individual securities and the sale price at the date of sale. Unrealized gains and losses on marketable securities are calculated as the difference between cost and market of all securities on hand from one year to the next based on market value and reported in the statement of activities.

Furniture and Equipment

Furniture and equipment are carried at cost or, if donated, at the fair market value at date of donation. Depreciation is provided on the straight-line method over estimated useful lives of three to seven years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repair and maintenance costs are expensed as incurred.

Revenue Recognition

The Foundation applies the five-step model to revenue when it is probable that the Foundation will collect the consideration it is entitled. Revenue from Contracts with Customers, the Foundation performs the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the Foundation satisfies a performance obligation. The Foundation then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied.

A summary of significant revenue recognition policies are as follows:

Grant Revenues and Receivables

Grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or the nature of any donor restrictions. Restrictions met in the same reporting period are reported as unrestricted support.

Grant revenues earned, but not received, are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as refundable advances. Grant expenditures are recorded when the liability is incurred.

Pledge receivables are stated at the amount management expects to collect and when collectability is reasonably assured. Payments are expected to be received within the next year.

No allowance for uncollectible amounts has been established as management believes the total amount to be fully collectible.

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Special Events

CASA conducts special events in order to assist in the program operations. All events are conducted in accordance with applicable Federal, State, and local laws and ordinances. All revenues received from such events in excess of expenses are used for the program operations.

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. All contributions are considered to be without donor restriction unless specifically restricted by the donor. Any such contributions are recognized as an increase to the without donor restriction fund. Contributions that are restricted by the donor are reported as increases in net assets with donor restriction depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

Donated Services and Goods

CASA recognizes the contribution of services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized.

Donated goods are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without restriction unless the donor has restricted the donated goods to a specific purpose.

Allocation of Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Exempt Organization Status

CASA is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). CASA is classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2). Income for certain activities not directly related the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

CASA recognizes the financial statement benefit of tax positions, such as its income tax exempt filing status, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassification have been made to the 2021 balances to conform to the 2022 presentation. These reclassifications have no effect on the change in net assets in 2022 or total net assets at September 30, 2021.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

Generally Accepted Accounting Principles establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets and liabilities. The fair value hierarchy gives the highest priority to level 1 inputs.

Level 2: Valuations based on other observable inputs, which include quoted prices in active markets for similar assets and liabilities, either directly or indirectly. These inputs may include observable inputs such as interest rates that are observable at commonly quoted intervals.

Level 3: Valuations based unobservable inputs for assets and liabilities, which are typically based on an Organization's own assumptions which are internally developed and estimated.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair measurement in its entirety.

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Fair values measured on a recurring basis

Fair values of assets measured on a recurring basis as of September 30, 2022 are as follows:

	Fair Value Measurements at September 30, 2022			
	Level 1	Level 2	Level 3	Total
Endowment fund assets		\$ 12,144		\$ 12,144
Investment account – U.S. Treasury Note		4,547,136		4,547,136
Investment account – Bank Sweep		7,172		7,172
	\$	\$ 4,566,452	\$	\$ 4,566,452

Fair values of assets measured on a recurring basis as of September 30, 2021 are as follows:

	Fair Value Measurements at September 30, 2021			
	Level 1	Level 2	Level 3	Total
Endowment fund assets		\$ 13,014		\$ 13,014
Investment account - CD		1,870,189		1,870,189
Investment account – Bank Sweep		1,729,554		1,729,554
	\$	\$ 3,612,757	\$	\$ 3,612,757

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

NOTE 4 – FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following:

	September 30,	
	2022	2021
Furniture and equipment	\$ 154,767	\$ 220,886
Less: accumulated depreciation	(65,609)	(171,283)
Net furniture and equipment, net	\$ 89,158	\$ 49,603

For the year ended September 30, 2022 and 2021, depreciation expense was \$16,274 and \$13,539, respectively.



COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 5 – INVESTMENTS

As of the year ended September 30, 2022, investments held by CASA consist of long-term certificates of deposits with maturity dates ranging from 1 to 3 years, and interest rates ranging from .3% to 2.9%, and of a balance of cash held in an insured bank deposit program. The amount held in U.S. treasury notes and in cash as of September 30, 2022 totals \$4,547,136 and \$7,172 respectively. During the year, investment income consisted of \$64,153 realized and unrealized loss, and \$23,405 of interest and dividend income. None of the \$4,554,308 year-end portfolio balance was uninsured by the FDIC insurance limit.

As of the year ended September 30, 2021, investments held by CASA consist of long-term certificates of deposits with maturity dates ranging from 1 to 3 years, and interest rates ranging from .3% to 2.9%, and of a balance of cash held in an insured bank deposit program. The amount held in certificates of deposits and in cash as of September 30, 2021 totals \$1,870,189 and \$1,729,554, respectively. During the year, investment income consisted of \$27,586 realized and unrealized loss, and \$47,804 of interest and dividend income. Of the \$3,599,743 year-end portfolio balance, the amount that exceeded the FDIC insurance limit was \$227,208.

NOTE 6 – ENDOWMENT FUND

During January 2010, CASA created a permanent endowment fund through the Orange County Community Foundation which consists of several individual donor-restricted funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. CASA's management and investment of donor-restricted endowment funds is subject to the provisions of the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) which requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. CASA classifies as permanently restricted net assets the original value of the gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Earnings provided from the permanent endowment are used in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. CASA reviews its endowment spending policies annually for compliance with UPMIFA provisions.

CASA has utilized investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. As a result, the endowment assets are invested in a manner that is intended to produce results that, over the long-term, allow it to grow at a rate exceeding expected inflation. This is consistent with CASA's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as, to provide additional real growth through new gifts and investment return.

To satisfy its long-term rate-of-return objectives, CASA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). CASA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 6 – ENDOWMENT FUND (Continued)

Net changes in endowment funds for the year September 30, 2022 were as follows:

	Without Donor Restriction	With Donor Restriction	Total
Beginning endowment assets	\$ 4,014	\$ 9,000	\$ 13,014
Contributions			
Investment return	(662)		(662)
Other Changes:			
Fees	(208)		(208)
Ending endowment assets	\$ 3,144	\$ 9,000	\$ 12,144

As of September 30, 2022, the endowment fund consisted of the following assets:

	Without Donor Restriction	With Donor Restriction	Total
Money Market Funds		\$ 4,000	\$ 4,000
Mutual Fund Investments	\$ 3,144	5,000	8,144
Total	\$ 3,144	\$ 9,000	\$ 12,144

Net changes in endowment funds for the year September 30, 2021 were as follows:

	Without Donor Restriction	With Donor Restriction	Total
Beginning endowment assets	\$ 2,461	\$ 9,000	\$ 11,461
Contributions			
Investment return	1,760		1,760
Other Changes:			
Fees	(207)		(207)
Ending endowment assets	\$ 4,014	\$ 9,000	\$ 13,014

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 6 -- ENDOWMENT FUND (Continued)

As of September 30, 2021, the endowment fund consisted of the following assets:

	Without Donor Restriction	With Donor Restriction	Total
Money Market Funds		\$ 4,000	\$ 4,000
Mutual Fund Investments	\$ 4,014	5,000	9,014
Total	\$ 4,014	\$ 9,000	\$ 13,014

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires CASA to retain as a fund of perpetual duration.

NOTE 7 -- NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	September 30,	
	2022	2021
Starfish Tree	\$ 52,786	\$ 58,000
Tina's Fund		1,836
John's Fund		1,202
Family Connections		46,272
Hispanic Advisory	3,307	6,806
Chapman Intern Students	8,473	14,399
Holiday Party	15,694	21,740
Outreach and Marketing	23,774	57,274
Backpacks and Picnic	17,403	4,326
Judicial Council of CA	18,290	
Additional Staffing	34,070	
Subtotal	173,797	211,855
Restricted Endowment Fund	9,000	9,000
	\$ 182,797	\$ 220,855

Net assets were released from donor restrictions either by incurring expenses, which satisfied the restricted purposes or by the occurrences of other events specified by donors during the years ended September 30, 2022 and 2021, respectively. For the years ended September 30, 2022 and 2021, net assets with donor restrictions released were \$182,797 and \$220,855, respectively.

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 8 – SPECIAL EVENTS

CASA conducts special events in order to raise funds to support the organization’s operations and various programs. All events are conducted in accordance with applicable Federal, State, and local laws and ordinances.

Revenues and expenses relating to special events for the year ended September 30, 2022 are as follows:

	<u>Advancement</u>	<u>Celebration</u>	<u>Holiday Luncheon</u>	<u>Total</u>
Revenue	\$ 225,732	\$ 1,753,887	\$ 768,217	\$ 2,747,836
Direct benefits expense	(7,535)	(236,399)	(172,255)	(416,189)
Special events, net	<u>\$ 218,197</u>	<u>\$ 1,517,488</u>	<u>\$ 595,962</u>	<u>\$ 2,331,647</u>

Revenues and expenses relating to special events for the year ended September 30, 2021 are as follows:

	<u>Celebration of Children</u>	<u>Holiday Luncheon</u>	<u>Rocks at Hlysewalker</u>	<u>Total</u>
Revenue	\$ 1,437,035	\$ 541,720	\$ 0	\$ 1,978,755
Direct benefits Expense	(193,371)	(27,000)	0	(220,371)
Special events, net	<u>\$ 1,243,664</u>	<u>\$ 514,720</u>	<u>\$ 0</u>	<u>\$ 1,758,384</u>

NOTE 9 – EMPLOYEE BENEFIT PLAN

CASA has a 403 (b) plan covering substantially all employees. Under the plan each employee, who wishes to participate, contributes a portion of their salary to the plan. Each employee participating is given a copy of the plan. CASA does not make matching contributions to the plan.

NOTE 10 – LEASE OBLIGATIONS

During June 2021, CASA amended its facility lease for an additional year effective September 1, 2021. The lease requires minimum monthly payments of \$14,535 during the term of the contract.

During September 2022, CASA amended its facility lease from September 1, 2022 through February 28, 2023. The lease requires a monthly payment of \$14,545 for September 2022, a \$18,174 monthly payment from October 1, 2022 through November 30, 2022 and a \$11,905 monthly payment from December 1, 2022 through February 28, 2023.

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 10 – LEASE OBLIGATIONS (Continued)

For the years ended September 30, 2022 and 2021, total rent expense recognized was \$170,751 and \$174,208, respectively.

CASA entered lease agreements to rent office equipment. The lease agreements require fixed monthly base rate and variable usage amounts.

Future minimum payments associated with lease obligations are as follows:

<u>Years Ending</u> <u>September 30,</u>	
2023	\$ 12,281
2024	6,408
2025	6,408
2026	<u>5,351</u>
Total	<u>\$ 30,448</u>

NOTE 11 – CONCENTRATION OF CREDIT RISK

CASA operates in Orange County, California and relies on the community for contributions, volunteers, and referrals from local agencies. For the years ended September 30, 2022 and 2021, contributions and special events accounted for 49% and 51% of total support and revenue, respectively.

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Management deems the contingency remote. Management believes it is in compliance with all grant requirements.

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of September 30, 2022 and 2021, the cash balances held at financial institutions exceeded the amounts by \$2,873,366 and \$2,644,855, respectively. Cash deposited in financial institutions differs from cash presented in the statement of financial position due to timing differences.

Certificates of deposits held in financial institutions through the Organization's investment account may exceed federally insured limits at times during the year. As of September 30, 2022 and 2021, the cash and certificates of deposits balances held at financial institutions exceeded the amounts by \$0 and \$1,655, respectively.

COURT APPOINTED SPECIAL ADVOCATES OF ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022 AND 2021

NOTE 11 – CONCENTRATION OF CREDIT RISK (Continued)

Due to the ongoing global outbreak of the coronavirus, and the subsequent measures taken by local, state, and federal government, the Organization is unable to accurately predict how the coronavirus will affect the results of its operation because the disease's severity and the duration of the outbreak are uncertain at this time.

NOTE 12 – PAYCHECK PROTECTION PROGRAM LOAN

In February 2021, CASA received Paycheck Protection Program (“PPP”) loan proceeds of \$407,573. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides qualifying businesses with loans up to 2.5 times the qualifying business's average monthly payroll expenses. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes as outlined in the loan. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, and payments are deferred for the first seven months. CASA fulfilled and used \$407,573 of the loan proceeds and recorded the loan forgiveness revenue on the statement of activities and changes in net assets for the year ended September 30, 2021. CASA received forgiveness for the full \$407,573 loan on 3/29/2022.

NOTE 13 – LIQUIDITY AND AVAILABILITY

CASA maintains and manages adequate operating funds per policies set by the board of directors. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 3,318,099
Receivables	349,073
Less: Donor restricted funds	<u>(182,797)</u>
Total	<u>\$ 3,484,375</u>

NOTE 14 – SUBSEQUENT EVENTS

CASA has evaluated all activity of the organization through November 17, 2022 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the financial statements.