GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

CASA for Children, Inc.

Financial Statements and Other Information
as of and for the Years Ended June 30, 2022 and 2021
and Report of Independent Accountants

CASA FOR CHILDREN, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
CASA for Children, Inc.:

Opinion

We have audited the accompanying financial statements of CASA for Children, Inc., 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 referred to above present fairly, in all material respects, the financial position of CASA for Children, Inc. 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in 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 CASA for Children, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States, 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 CASA for Children, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

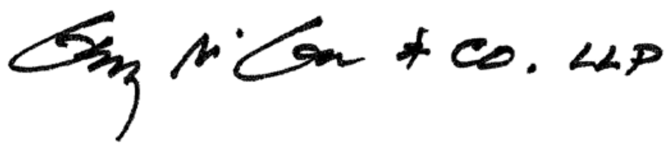
Auditor's Responsibilities for the Audit of the Financial Statements

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, including omissions, 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 CASA for Children, 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 CASA for Children, 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.



September 22, 2022

CASA FOR CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
Assets:		
Cash and cash equivalents	$ 1,541,121	906,481
Grants, contributions, and other receivables *(note 4)*	448,686	679,976
Prepaid expenses and other assets	8,651	7,049
Beneficial interest in assets held by the Oregon Community Foundation *(note 5)*	223,798	246,286
Property and equipment *(note 6)*	13,376	34,618
Total assets	$ 2,235,632	1,874,410
Liabilities:		
Accounts payable and accrued expenses	4,330	14,481
Accrued payroll and related expenses	169,418	85,883
Conditional sponsorships	44,000	–
Loans payable *(note 8)*	280,000	599,000
Total liabilities	497,748	699,364
Net assets:		
Without donor restrictions:		
Available for programs and general operations	1,301,474	323,450
Net investment in capital assets	13,376	34,618
Total without donor restrictions	1,314,850	358,068
With donor restrictions *(note 9)*	423,034	816,978
Total net assets	1,737,884	1,175,046
Commitments and contingencies *(notes 4, 7, 8, 15, 16, and 19)*		
Total liabilities and net assets	$ 2,235,632	1,874,410

See accompanying notes to financial statements.

CASA FOR CHILDREN, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating revenues, gains, and other support						
Private contributions and grants	$ 1,034,252	131,333	1,165,585	1,029,787	136,168	1,165,955
Legacies and bequests	–	–	–	–	123,051	123,051
In-kind contributions *(note 11)*	136,000	–	136,000	128,000	–	128,000
Special events, net of direct costs of $17,456 in 2022 and $38,799 in 2021	55,965	–	55,965	42,200	–	42,200
Government grants *(note 12)*	956,074	8,000	964,074	610,895	8,394	619,289
Interest income	323	–	323	206	–	206
Other income	231	–	231	1,888	–	1,888
Net change in the beneficial interest in assets held by the Oregon Community Foundation *(note 5)*	–	(13,703)	(13,703)	–	68,711	68,711
Total operating revenues and gains	2,182,845	125,630	2,308,475	1,812,976	336,324	2,149,300
Net assets released from restrictions *(note 13)*	460,574	(460,574)	–	340,068	(340,068)	–
Total operating revenues, gains, and other support	2,643,419	(334,944)	2,308,475	2,153,044	(3,744)	2,149,300
Expenses *(note 14)*:						
Program services	1,753,543	–	1,753,543	1,580,029	–	1,580,029
Management and general	296,484	–	296,484	205,741	–	205,741
Development	398,407	–	398,407	292,390	–	292,390
Total expenses	2,448,434	–	2,448,434	2,078,160	–	2,078,160
Increase (decrease) in net assets before non-operating activities	194,985	(334,944)	(139,959)	74,884	(3,744)	71,140
Non-operating activities:						
Loss on uncollectible receivables	–	(59,000)	(59,000)	–	–	–
Paycheck Protection Program loan forgiveness *(note 8)*	319,000	–	319,000	–	–	–
Gain on sale of assets *(note 6)*	442,797	–	442,797	–	–	–
Total non-operating activities	761,797	(59,000)	702,797	–	–	–
Increase (decrease) in net assets	956,782	(393,944)	562,838	74,884	(3,744)	71,140
Net assets at beginning of year	358,068	816,978	1,175,046	283,184	820,722	1,103,906
Net assets at end of year	$ 1,314,850	423,034	1,737,884	358,068	816,978	1,175,046

See accompanying notes to financial statements.

CASA FOR CHILDREN, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
		Supporting services				Supporting services		
	Program services	Management and general	Development	Total	Program services	Management and general	Development	Total
Salaries and related expenses	$ 1,447,420	221,636	301,331	1,970,387	1,235,869	149,073	199,032	1,583,974
Professional fees	57,331	25,277	31,145	113,753	39,408	24,353	26,534	90,294
Marketing and advertising	–	–	15,228	15,228	7,595	–	23,605	31,200
Occupancy	132,911	13,488	14,163	160,562	134,923	13,845	9,230	157,998
Telephone	17,924	2,480	2,480	22,884	19,764	2,934	1,688	24,387
Insurance	11,948	1,824	1,915	15,687	14,543	2,158	1,439	18,140
Equipment and maintenance	49,198	3,499	15,171	67,868	44,819	4,054	13,545	62,418
Interest and bank charges	–	3,100	4,065	7,165	–	2,559	5,223	7,783
Supplies	4,696	717	753	6,166	1,943	193	459	2,595
Postage	101	296	432	829	136	134	1,179	1,449
Printing and publications	–	–	5,073	5,073	–	–	5,738	5,738
Public relations	–	–	3,591	3,591	–	–	2,612	2,612
Volunteer recruitment and recognition	2,687	–	–	2,687	1,580	–	–	1,580
Volunteer training	5,660	–	–	5,660	2,447	–	–	2,447
Dues and subscriptions	6,909	1,055	1,108	9,072	4,571	1,318	761	6,650
Travel	2,556	373	619	3,548	1,937	44	200	2,181
Professional development	5,677	11,368	808	17,853	4,961	4,240	786	9,987
Camp and educational resources	537	–	–	537	432	–	–	432
Depreciation	5,964	–	–	5,964	7,329	–	–	7,329
Other expenses	2,024	11,371	525	13,920	4,851	836	359	6,046
Total expenses before grants and assistance to other organizations and individuals	1,753,543	296,484	398,407	2,448,434	1,527,108	205,741	292,390	2,025,239
Grants and assistance to Victims of Crime Act (VOCA) subawardees	–	–	–	–	52,921	–	–	52,921
Total expenses	$ 1,753,543	296,484	398,407	2,448,434	1,580,029	205,741	292,390	2,078,160

See accompanying notes to financial statements.

CASA FOR CHILDREN, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Cash received from contributors and grantors	$ 1,473,600	1,428,238
Cash received from government grants and contracts, service fees, and other sources	946,001	687,021
Interest income	323	206
Distribution of investment return on assets held by the Oregon Community Foundation	8,785	8,305
Cash paid to employees and suppliers	(2,260,144)	(2,062,040)
Net cash provided by operating activities	168,565	61,730
Cash flows from investing activities:		
Capital expenditures	(5,747)	(1,100)
Net proceeds from the sale of capital assets	471,822	–
Net cash provided by (used in) investing activities	466,075	(1,100)
Cash flows from financing activities:		
Proceeds from the issuance of a note payable *(note 8)*	–	280,000
Net cash provided by financing activities	–	280,000
Increase in cash and cash equivalents	634,640	340,630
Cash and cash equivalents at beginning of year	906,481	565,851
Cash and cash equivalents at end of year	$ 1,541,121	906,481

Supplemental schedule of noncash financing activities:		
Paycheck Protection Program loan forgiveness *(note 8)*	$ 319,000	–

See accompanying notes to financial statements.

1. Organization

Founded in 1986, CASA for Children, Inc. (serving Multnomah, Washington, and Columbia counties) exists to advocate for children who have experienced abuse and/or neglect, and are in the protective custody of the court. The organization recruits, trains, and supervises volunteer Court-Appointed Special Advocates (CASAs) who become passionate protectors of the children for whom they advocate. The legislature and the courts grant CASAs unusual authority, thereby ensuring that a child is not ignored and that the judge is able to understand and act on a child's critical needs. Since the agency's founding, CASA for Children has provided 27,000+ children in foster care with the life-changing support of a CASA.

CASAs help children move through the legal system more quickly and effectively; and through their guidance, the amount of time these children are exposed to the foster care system is potentially reduced. This benefits all of us. A shorter stay in the court system means fewer re-traumatizing moves and a faster path to a permanent, safe and stable family. Children served by a CASA volunteer have more of what they need. They have caring adults attending to their development and well-being, with the results hopefully being benefits that last a lifetime.

Court-Appointed Special Advocates are specially-trained citizen volunteers who serve as advocates for a child or sibling group. In each case, a special advocate is responsible for gathering information and coordinating elements to help quickly secure a safe, permanent place to call home. CASAs visit children regularly, review records, interview parents and relatives, consult with teachers, neighbors and foster care providers, and work closely with community service providers. They also help children and families gain access to needed support and services, and appear in court to advocate on behalf of the child's needs and best interests.

Specialized training, including cultural awareness and competency training, and regular program supervision ensure that advocates are able to bring objectivity, tenacity and consistent advocacy into an overloaded child welfare system.

After careful consideration of an invitation from the Oregon CASA Network (CASA's State organization), CASA For Children's Board of Directors voted to expand service to children in the foster care system in Tillamook County. With the expansion, effective August 1, 2022, CASA For Children becomes a four-county program serving children in Multnomah, Washington, Columbia, and Tillamook Counties.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – Net assets, revenues, gains and losses are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CASA and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. From time to time, CASA's Board of Directors may designate a portion of these net assets for particular purposes and objectives.

- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions of CASA and/or the passage of time. These balances represent the unexpended portion of donor-restricted contributions and investment return to be used for specific programs and activities as directed by the donor. The balances also include net assets subject to donor-imposed stipulations that they be maintained permanently by CASA (e.g., endowment funds). Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are also reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Capital Assets and Depreciation – Capital assets are carried at cost, and initially measured at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 10 to 25 years for buildings and 3 to 7 years for furniture and equipment. Leasehold improvements are amortized over the life of the lease, which is generally five years.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the donor's commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions and grants received with donor stipulations that limit the use of the donated assets are reported as net assets with donor restrictions.

Unconditional promises to give with payments due in future periods, are recorded as increases in net assets with donor restrictions at the estimated present value of future cash flows using credit adjusted discount rates which articulate to the collection period of the respective pledge. Such discount rates are not subsequently revised. Amortization of the discount is recorded as additional contribution revenue in subsequent years in the appropriate net asset class.

Contributions and grants receivable are reported net of an allowance for estimated uncollectible promises. Promises to give are written off when deemed uncollectible.

When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions with donor-imposed restrictions are recorded as net assets without donor restrictions if those restrictions are satisfied in the same reporting period. Otherwise, contributions with donor-imposed restrictions are recorded as increases in net assets with donor restrictions, depending on the nature of the restriction.

Contributions of capital assets without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Contributions of cash or other assets restricted to the acquisition of capital assets with such donor stipulations are reported as net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Revenue Recognition – With regard to revenues from grants and contracts, the organization evaluates whether each transfer of assets is (1) an exchange (reciprocal) transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the organization recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.

- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, the organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

- *Governmental Support* – Activities funded by governments are often carried out for the benefit of the general public, rather than to obtain goods or services for the government's own use or proprietary benefit. Accordingly, if the primary beneficiary of the activity is the general public, rather than the government itself, the transaction is treated as nonreciprocal (i.e., a contribution).

Benefits Provided to Donors at Special Events – The organization conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the organization.

Concentrations of Credit Risk – The organization's financial instruments consist primarily of cash equivalents and a beneficial interest in assets held by the Oregon Community Foundation ("OCF"), which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC").

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to $250,000 for each depositor, for each insured bank, for each account ownership category. At June 30, 2022 and 2021, CASA held $1,283,091 and $662,063, respectively, in excess of FDIC insurance.

The organization's beneficial interest in assets held by OCF is subject to changes in the fair values of the underlying assets owned by OCF (from which the value of the organization's beneficial interest has been derived), and also is dependent on the value of the assets being commensurate with the value of distributions expected to be made to CASA by OCF in future years. See note 5.

Grants, contracts, and other receivables also subject the organization to concentrations of credit risk. At June 30, 2022, $100,000 was due from one grantor and $75,000 was due from another grantor. At June 30, 2021, $123,051 was due from one grantor and $100,000 was due from a second grantor.

Outstanding Legacies – CASA is a beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The organization's share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable.

Advertising and Marketing Expenses – Advertising costs are charged to expense as they are incurred.

Operating Results – Net operating results reported in the statement of activities reflect all transactions that change net assets without donor restrictions, except losses on uncollectible receivables, gain (losses) on the sale of assets, and the forgiveness of loans.

Income Taxes – The organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described under Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

At June 30, 2022 and 2021, CASA held net tax operating losses carried forward related to net income from CASA Cards totaling $206,587 and $216,055. The net operating losses carried forward are available to offset future taxable income, if any, expiring through the years indicated: $9,468 in 2022, $23,307 in 2023, $37,580 in 2024, $57,489 in 2025, $22,577 in 2026, $23,682 in 2027, $31,970 in 2028, and $9,982 in 2029.

Deferred income taxes result from temporary differences in the financial bases and tax bases of assets and liabilities, the ability to exercise net operating losses carried forward, and other factors. The amounts are measured using the enacted tax rates and laws that are anticipated to be in effect when the differences are expected to reverse. At June 30, 2022 and 2021, the remaining deferred income taxes of the organization represent the availability of the net operating losses carried forward cited in the preceding paragraph, totaling $72,395 and $75,619, respectively, less a valuation allowance of the same amounts fully offsetting the deferred income taxes related to those losses carried forward, for which it is considered likely that the benefit will not be realized. Accordingly, net deferred income taxes have not been reflected in the accompanying financial statements.

Subsequent Events – Subsequent events have been evaluated by management through September 22, 2022 which is the date the financial statements were available to be issued.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

3. Recently-Issued Accounting Standard

In February of 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a liability and a right of use asset for all lease obligations with exception for short-term leases. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. The new standard is effective for CASA's annual reporting period ending June 30, 2023. A modified retrospective transition approach is required for lessees for leases existing at, or entered into after, the beginning of the earliest comparative period presented, or as of the effective date of adoption, in the financial statements, with certain practical expedients available. CASA is evaluating the impact of the new standard on its financial statements.

4. Grants, Contributions, and Other Receivables

Grants, contributions, and other unconditional receivables at June 30, 2022 and 2021, and are summarized as follows:

		2022	2021
Government grants and contracts receivable	$	87,267	80,837
Private grants receivable		253,765	272,500
Contributions receivable		105,154	322,813
Event receivables		2,500	3,500
Other receivables		–	326
	$	448,686	679,976

		2022	2021
Unconditional promises expected to be collected within:			
Less than one year	$	403,686	652,310
One year to five years		45,000	27,666
	$	448,686	679,976

Continued

At June 30, 2022, the organization held three conditional gifts totaling $116,917. Receipt of two of the conditional gifts, totaling $111,917, was conditioned upon incurring allowable expenses. Receipt of the third conditional gift, totaling $5,000, was conditioned upon occurrence of future events. These awards have not been included in the accompanying financial statements because, as of June 30, 2022, the organization had not fully satisfied the associated conditions.

At June 30, 2021, the organization held four conditional gifts totaling $471,854. Receipts of two of the conditional gifts, totaling $386,854, was conditioned upon incurring allowable expenses. Receipt of the third conditional gift, totaling $75,000, was conditioned upon reaching certain fundraising goals. Receipt of the fourth conditional gift, totaling $10,000, was conditioned upon occurrence of future events. These awards have not been included in the accompanying financial statements because, as of June 30, 2021, the organization had not fully satisfied the associated conditions.

5. Beneficial Interest in Assets Held by the Oregon Community Foundation

The accompanying financial statements reflect a beneficial interest held by the organization in the assets of a donor-restricted endowment fund at OCF. The organization accounts for its interest in these funds using the equity method of accounting, which approximates the present value of the estimated expected future cash flow that will inure to the organization. Management's estimate of fair value is based solely upon information provided by OCF.

Changes in the organization's beneficial interest in these funds for the years ended June 30, 2022 and 2021 are summarized as follows:

		2022	2021
Balance at beginning of year	$	246,286	185,880
Net change in beneficial interest in assets held by OCF		(13,703)	68,711
Distribution of investment return on assets held by OCF		(8,785)	(8,305)
Balance at end of year	$	223,798	246,286

Under the terms of its agreement with OCF, OCF maintains variance power over, and legal ownership of, these funds. The funds are invested at the discretion of OCF's Board of Directors and are held in a mixture of asset classes designed to maximize return while minimizing risk. The valuations disclosed in the preceding table have been provided by OCF. CASA generally receives periodic distributions of net investment return earned on these assets (currently 4.25% of the average fair market value of the funds using a trailing 13-quarter average). During the years ended June 30, 2022 and 2021, the organization received distributions totaling $8,785 and $8,305, respectively. Additional distributions can be made at any time by the affirmative vote of a majority of the organization's Board of Directors and the approval of OCF.

6. Property and Equipment

A summary of property and equipment as of June 30, 2022 and 2021 is as follows:

		2022	2021
Buildings	$	–	210,667
Leasehold improvements		30,084	30,084
Furniture and equipment		129,002	115,255
		159,086	356,006
Less accumulated depreciation		(145,710)	(321,388)
	$	13,376	34,618

In June 2022, CASA sold the CASA Cards building, reporting a net gain of $442,797.

7. Line of Credit

CASA maintains an unsecured line of credit with Wells Fargo Bank for up to $40,000, bearing interest at 8.75% and 7.25% at June 30, 2022 and 2021, respectively. There were no outstanding borrowings under this agreement at June 30, 2022 or 2021.

8. Loans Payable

On April 15, 2020, CASA was granted an unsecured loan from a commercial bank in the amount of $319,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

On April 14, 2021, CASA was granted a second unsecured loan from a commercial bank in the amount of $280,000, pursuant to the PPP under the Economic Aid Act, which was enacted December 27, 2020.

Both loans were guaranteed by the Small Business Administration ("SBA"), and were designed to provide a direct incentive for organizations and other small businesses and nonprofits to keep their employees on payroll during the COVID-19 pandemic. The SBA promised to forgive the loan if all employees are kept on the payroll during the "covered period" (either 8 weeks or 24 weeks from the loan disbursement date) and if the funds were used for payroll, rent, mortgage interest, and/or utilities, and certain other conditions were met.

In accordance with the provisions of the PPP and SBA's promise of forgiveness, the organization intended to use the majority of the loan amounts for qualifying expenses and accounts for the loans as debt under Financial Accounting Standards Board Accounting Standards Codification Topic 470, *Debt,* until the loans are forgiven and legally released by the SBA and lender.

During the year ended June 30, 2022, CASA obtained forgiveness for the first PPP loan totaling $319,000.

Subsequent to June 30, 2022, CASA obtained forgiveness for the second PPP loan totaling $280,000.

9. Net Assets with Donor Restrictions

The following summarizes CASA for Children, Inc.'s net assets with donor-imposed restrictions as of June 30, 2022 and 2021:

		2022	2021
Expendable net assets restricted for the following purposes:			
Building fund	$	28,838	28,838
Child Advocacy Growth Project		50,000	50,000
Diversity, Equity & Inclusion		8,333	–
Camp for Kids		1,704	2,241
Future periods		110,361	489,613
		199,236	570,692
Endowment funds		223,798	246,286
Total net assets with donor restrictions	$	423,034	816,978

10. Endowment

As required by generally accepted accounting principles, net assets associated with endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

The following summarizes the organization's endowment-related activities for the year ended June 30, 2022:

	With donor restrictions			
		Accumulated endowment return	Endowment principal	Total endowment
Endowment net assets at June 30, 2021	$	126,392	119,894	246,286
Net decline in beneficial interest in net assets held by the Oregon Community Foundation		(13,703)	–	(13,703)
Distribution of investment return on assets held by the Oregon Community Foundation		(8,785)	–	(8,785)
Endowment net assets at June 30, 2022	$	103,904	119,894	223,798

The following summarizes the organization's endowment-related activities for the year ended June 30, 2021:

	With donor restrictions			
		Accumulated endowment return	Endowment principal	Total endowment
Endowment net assets at June 30, 2020	$	65,986	119,894	185,880
Net increase in beneficial interest in net assets held by the Oregon Community Foundation		68,711	–	68,711
Distribution of investment return on assets held by the Oregon Community Foundation		(8,305)	–	(8,305)
Endowment net assets at June 30, 2021	$	126,392	119,894	246,286

Interpretation of Relevant Law – The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") governs Oregon charitable institutions with respect to the management, investment and expenditure of donor-restricted endowment funds.

The Board of Directors has interpreted Oregon's adoption of UPMIFA as requiring CASA to adopt investment and spending policies that preserve the fair value of the original gift as of the date of gift, absent explicit donor stipulations to the contrary.

Although CASA has a long-term fiduciary duty to the donor (and to others) for a fund of perpetual duration, the preservation of the endowment's purchasing power is only one of several factors that are considered in managing and investing these funds. Furthermore, in accordance with UPMIFA, a portion of the endowment's original gift may be appropriated for expenditure in support of the restricted purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA.

As a result of this interpretation, the organization classifies as endowment principal (1) the original value of gifts donated to the donor-restricted endowment, (2) subsequent gifts to the endowment, and (3) accumulations to the endowment made pursuant to the direction of the applicable donor gift instrument.

Net earnings (realized and unrealized) on the investment of endowment assets are classified as accumulated endowment return until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA and until expended in a manner consistent with the purpose or time restrictions, if any, imposed by the donor. Any investment return classified as endowment principal represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

In the absence of donor stipulations or law to the contrary, losses or appropriations of a donor-restricted endowment reduce accumulated endowment return to the extent that donor-imposed restrictions on net appreciation of the fund have not been satisfied before the loss or appropriation occurs. Any remaining loss or appropriation reduces endowment principal.

Endowments with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires CASA to retain as a fund of perpetual duration. In addition, the organization's Board of Directors interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law, and the organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater.

Investment and Spending Policies – In accordance with UPMIFA, the Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs and operations supported by its endowment, while also seeking to maintain the long-term purchasing power of the endowment assets. Therefore, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the funds;
- The purposes of CASA and the fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of CASA; and
- The investment policies of CASA.

Actual endowment return earned in excess of distributions under this policy is reinvested as part of CASA's endowment management and is reported as a non-operating item in the accompanying statement of activities. For years where actual endowment return is less than distributions under the policy, the short-fall is covered by realized and unrealized returns from prior years. If cumulative endowment return is exhausted, any remaining loss or appropriation reduces endowment principal. In years where the overall endowment is underwater, the Board may permit continued spending from principal only in accordance with its policies for spending from underwater endowments. See *Endowments with Deficiencies*.

During the year ended June 30, 2022, the organization's Board of Directors appropriated $8,785 of donor-restricted endowment assets ($8,305 in 2021). See note 5.

11. In-Kind Contributions

Significant services received that create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated are recognized in the statement of activities. In addition, in-kind contributions of equipment, materials, and the free use of facilities are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the organization's activities.

CASA's in-kind contributions for the years ended June 30, 2022 and 2021 are summarized, including their utilization by program services or other activities, as follows:

		2022	2021
Free use of office Facilities:			
Program services	$	88,349	92,925
Management and general		13,488	13,845
Development		14,163	9,230
		116,000	116,000
Technical support:			
Program services		9,140	9,600
Management and general		1,395	1,440
Development		1,465	960
		12,000	12,000
Equipment		8,000	–
	$	136,000	128,000

Contributed free use of office facilities and technical support are used for both program and supporting services and are allocated based upon average head count by each program and supporting services. Contributed free use of office facilities is valued and reported at the estimated fair value in the financial statements based on current rental rates for similar facilities. Contributed technical support is valued using current rates for similar IT services.

Contributed equipment received is recorded as in-kind contribution revenue with a corresponding increase to property and equipment. The equipment is valued at the estimated price that would be received for selling similar products in the United States.

In addition, CASA regularly receives contributed services from a large number of volunteers who assist in program activities and other efforts through their participation in a variety of capacities. For example, during the year ended June 30, 2022, CASA benefitted from the service of more than 476 Court-Appointed Special Advocates, which represent approximately 114,240 hours of service, or the equivalent of 55 full-time employees. (In 2021, these figures were, respectively 485 CASA's, 116,400 hours of service, and the equivalent of 56 full-time employees). CASA also benefitted from the services of other volunteers representing an additional 3,000 hours of service (3,003 hours in 2021). The value of such services has not been recognized in the accompanying financial statements.

12. Government Grants

During the years ended June 30, 2022 and 2021, the organization reported government grants from the following sources:

		2022	2021
Washington County [1]	$	170,303	108,472
Multnomah County [1]		409,400	161,051
Columbia County [1]		60,311	32,956
State of Oregon – Title IV-E		19,124	22,493
State of Oregon – VOCA		274,936	269,923
City of Hillsboro		12,000	8,000
City of Beaverton		10,000	–
City of Scappoose		4,000	3,394
City of Gresham		4,000	–
City of Sherwood		–	5,000
City of Troutdale		–	8,000
	$	964,074	619,289

[1] During the year ended June 30, 2022, these contracts were paid through an agreement with the Oregon CASA Network. During the year ended June 30, 2021, they were paid through an agreement with the State of Oregon Department of Administrative Service.

13. Net Assets Released from Restrictions

During the years ended June 30, 2022 and 2021, the organization incurred $519,574 and $340,068, respectively, in expenses that satisfied restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events.

14. Expenses

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

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization and, therefore, require allocation on a reasonable basis that is consistently applied. Those expenses include salaries and wages, benefits, payroll taxes, insurance, equipment and maintenance, dues and subscriptions, and professional development, which are allocated on the basis of estimates of effort.

15. Retirement Plan

The organization sponsors an employer contributory tax-deferred annuity plan, described under Section 403(b) of the Internal Revenue Code covering. During the years ending June 30, 2022 and 2021, no contributions were made to this plan.

The organization also sponsors a defined contribution retirement savings plan, established under Section 401(k) of the Internal Revenue Code. Employees may make voluntary contributions to the plan on a pre-tax basis up to the maximum amount allowed by law. Under the plan, the organization makes matching contributions of up to a maximum of 5.0% of the employee's eligible wages. Matching contributions fully vest after three years of service. During the years ended June 30, 2022 and 2021, the organization contributed $43,538 and $36,620, respectively, to this retirement plan.

16. Lease Commitments

The organization leases office equipment and facilities under various operating leases, which expire in various years through September of 2026.

At June 30, 2022, the organization's future annual lease commitments are as follows:

Years ending June 30,		
2023	$	36,973
2024		13,728
2025		8,617
2026		600
2027		150
	$	60,068

Lease expense paid in connection with the operating leases for the years ended June 30, 2022 and 2021 totaled $52,194 and $52,343, respectively.

CASA leases certain facilities through a lease agreement that expires on June 30, 2023. The lease is provided to the organization free of charge (excluding operating expenses), with an estimated annual value of $116,000. The lease can be terminated by either party for any reason with a minimum 90-day notice. The free use of the facility is conditioned upon the organization continuing to use the property in furtherance of the court-appointed special advocates activities of the organization.

17. Related Party Transactions

During the year ended June 30, 2022, CASA contracted with a company that employs a Board member to provided brokerage service for the sale of the CASA Cards building (see note 6). Fees paid to this company totaled $24,950 during the year ended June 30, 2022. All conflict-of-interest standards and practices required by the CASA's policies for such transactions were followed. The Board of Directors unanimously approved the transaction, with the related Board member abstaining from discussion or vote.

18. Fair Value Measurements

Included in the accompanying financial statements are certain financial instruments carried at fair value. The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, that is, other than in a forced or liquidation sale; similarly, the fair value of a liability is the amount at which the liability could be transferred in a current transaction between willing parties.

Fair values are based on quoted market prices when available. When market prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality.

All financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined under generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities and the lowest ranking to fair values determined using methodologies and models with unobservable inputs, as follows:

- *Level 1* – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

- *Level 2* – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Level 2 also includes units in funds which only invest in financial assets classified as Level 1, have no redemption gates or lock-up periods, and for which there have been recent transactions at the published monthly net asset value.

- *Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect CASA's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

At June 30, 2022 and 2021, the organization's beneficial interest in assets held by the Oregon Community Foundation is reported at fair value on a recurring basis under Level 3, representing future cash in-flows to the organization measured at fair value based upon a discounted cash flow analysis of the expected income to be derived from the organization's interest in these assets. Since the discount rate used for this analysis is considered to be identical to the return that market participants would expect on similar assets, the organization has measured the expected cash flows for its beneficial interest as equivalent to the fair value of the underlying assets held and owned by OCF. Management's estimate is based solely on information provided by OCF.

See note 5 for a summary of the beneficial interest in assets held by OCF and associated activity for the years ended June 30, 2022 and 2021.

19. Contingencies

Amount received or receivable under the organization's governmental contracts are subject to audit and adjustment by the grantor agencies. Any expenditures or claims disallowed as a result of such audits would become a liability of the organization's unrestricted net assets. In the opinion of the organization's management, any adjustments that might result from such audits would not be material to the organization's overall financial statements.

20. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure within one year of the statement of financial position date comprise the following at June 30, 2022:

Total financial assets available:	
Cash and cash equivalents	$ 1,541,121
Grants, contracts and other receivables	448,686
Beneficial interest in assets held by OCF	223,798
	2,213,605
Less financial assets not available within the year ending June 30, 2023:	
Financial assets restricted by donors for endowment	(223,798)
Financial assets restricted by donors for future periods	(45,000)
	(268,798)
Plus other funds subject to appropriation for expenditure:	
Fiscal year 2023 endowment appropriations for operations	8,000
	$ 1,952,807

As part of its liquidity management, CASA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, CASA invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, CASA has a committed line of credit upon which it could draw (see note 7).

21. Coronavirus Pandemic

In March 2020, the World Health Organization characterized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative measures, such as travel and business restrictions and stay-at-home orders. The COVID-19 pandemic has caused business disruption through mandated and voluntary closings of multiple businesses. It is anticipated that the effects of these events may continue for some time. The extent of the impact of COVID-19 on the organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on constituents, employees and vendors, all of which are uncertain and cannot be predicted.

22. Statements of Cash Flow Reconciliation

The following presents a reconciliation of the increase in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows):

		2022	2021
Increase in net assets	$	562,838	71,140
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation		5,964	7,329
Net change in beneficial interest in assets held by the Oregon Community Foundation (net of distributions of investment return of $8,785 in 2022 and $8,305 in 2021)		22,488	(60,406)
Loss on uncollectible receivable		59,000	–
Gain on sale of assets		(442,797)	–
In-kind capital assets		(8,000)	–
PPP loan forgiveness		(319,000)	–
Net change in:			
Grants, contributions, and other receivables		172,290	127,259
Prepaid expenses and other assets		(1,602)	2,753
Accounts payable and accrued expenses		(10,151)	(6,404)
Grants payable		–	(78,691)
Accrued payroll and related expenses		83,535	1,932
Refundable advances		–	(3,182)
Deferred revenues		44,000	–
Total adjustments		(394,273)	(9,410)
Net cash provided by operating activities	$	168,565	61,730

■

GOVERNING BOARD AND MANAGEMENT

JUNE 30, 2022

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Justin Palfreyman, *Interim President*
Vice President of Business Development
NW Natural

Susan Collins, *Secretary*
CASA Volunteer

Steven Horrax, *Treasurer*
Vice President & Commercial Relationship Manager
Washington Trust Bank

Tom Savinar, *Immediate Past President*
Senior Vice President
Wealth Management
UBS Financials Services, Inc.

Carla Rose Allen
Diversity Equity and Inclusion (DEI) Committee Chair
Business Development Coordinator
MiTek, Inc.

Betsy Granger, *Program and Government Relations Chair*
CASA Volunteer

Janie Spurgeon
Development and Communications Committee Chair
Executive Vice President & Chief Development Officer
Community Foundation of Southwest Washington

Brenda Baumgart
Partner
Stoel Rives, LLP

Patricia Bowman
CASA Volunteer

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Jon Cook
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Fred Meyer Jewelers

Bill Gardner
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Jenefer Grant
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Jeff Greene
Vice President & Portfolio Manager
First Republic Private Wealth Management

Travis Jensen
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KPMG

Jennifer Klotz
Community Relations/Communications Manager
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Associate Vice President
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Leslie Seibert
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Trey Slinkard
Risk Advisory Senior Manager
Ernst & Young

Mary Turina
Business Consultant
Turina Business Consulting

Management

Elizabeth Stark Miller
Executive Director

Laura Collins
Development & Communications Director

Kathy Finney
Operations Director

Kristen Lewis
Legal Director

Toye Jones
HR & Equity Director

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