GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

CASA for Children, Inc.

Financial Statements and Other Information
as of and for the Years Ended June 30, 2020 and 2019
and Report of Independent Accountants

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GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
CASA for Children, Inc.:

We have audited the accompanying financial statements of CASA for Children, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

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, 2020 and 2019, 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.

Gray, Nicholson & Co. LLP

September 21, 2020

CASA FOR CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
Assets:		
Cash and cash equivalents	$ 565,851	386,199
Grants, contracts, and other receivables *(note 3)*	807,235	157,264
Prepaid expenses and other assets	9,802	21,095
Beneficial interest in assets held by the Oregon Community Foundation *(note 4)*	185,880	195,137
Property and equipment *(note 5)*	40,847	35,808
Total assets	$ 1,609,615	795,503
Liabilities:		
Accounts payable and accrued expenses	20,885	28,168
Grants payable	78,691	63,961
Accrued payroll and related expenses	83,951	69,232
Deferred revenue and refundable advances	3,182	31,025
Loan payable *(note 7)*	319,000	–
Total liabilities	505,709	192,386
Net assets:		
Without donor restrictions:		
Available for programs and general operations	242,337	320,315
Net investment in capital assets	40,847	35,808
Total without donor restrictions	283,184	356,123
With donor restrictions *(note 8)*	820,722	246,994
Total net assets	1,103,906	603,117
Commitments and contingencies *(notes 3, 6, 7, 14, 15, and 17)*		
Total liabilities and net assets	$ 1,609,615	795,503

See accompanying notes to financial statements.

CASA FOR CHILDREN, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support						
Private contributions and grants	$ 1,203,724	589,224	1,792,948	482,899	20,000	502,899
In-kind contributions *(note 10)*	153,200	–	153,200	128,000	–	128,000
Special events, net of direct costs of $95,774 in 2020 and $180,909 in 2019	280,653	–	280,653	722,996	–	722,996
Government grants and contract service fees *(note 11)*	853,654	4,106	857,760	767,849	–	767,849
Interest income	138	–	138	453	–	453
Other income	2,500	–	2,500	10,000	–	10,000
Net change in the beneficial interest in assets held by the Oregon Community Foundation *(note 4)*	–	(1,006)	(1,006)	–	11,997	11,997
Total revenues and gains	2,493,869	592,324	3,086,193	2,112,197	31,997	2,144,194
Net assets released from restrictions *(note 12)*	18,596	(18,596)	–	121,271	(121,271)	–
Total revenues, gains, and other support	2,512,465	573,728	3,086,193	2,233,468	(89,274)	2,144,194
Expenses *(note 13)*:						
Program services	1,903,953	–	1,903,953	1,741,197	–	1,741,197
Management and general	204,257	–	204,257	262,769	–	262,769
Development	477,194	–	477,194	403,226	–	403,226
Total expenses	2,585,404	–	2,585,404	2,407,192	–	2,407,192
Increase (decrease) in net assets	(72,939)	573,728	500,789	(173,724)	(89,274)	(262,998)
Net assets at beginning of year	356,123	246,994	603,117	529,847	336,268	866,115
Net assets at end of year	$ 283,184	820,722	1,103,906	356,123	246,994	603,117

See accompanying notes to financial statements.

C A S A F O R C H I L D R E N , I N C .

STATEMENTS OF FUNCTIONAL EXPENSES

Y E A R S E N D E D J U N E 3 0 , 2 0 2 0 A N D 2 0 1 9

	2020				2019			
		Supporting services				Supporting services		
	Program services	Management and general	Development	Total	Program services	Management and general	Development	Total
Salaries and related expenses	$ 1,283,020	129,950	316,054	1,729,024	1,249,094	172,119	271,337	1,692,550
Professional fees	61,775	40,067	97,820	199,662	34,964	27,596	70,115	132,675
Marketing and advertising	150	–	100	250	–	–	–	–
Occupancy	133,774	9,280	16,240	159,294	128,817	12,211	16,281	157,309
Telephone	16,517	2,407	2,524	21,448	6,512	11,912	925	19,349
Insurance	12,113	1,243	2,174	15,530	10,839	1,590	2,023	14,452
Equipment and maintenance	42,674	2,661	15,798	61,133	40,411	3,482	15,794	59,687
Interest and bank charges	–	1,948	6,356	8,304	–	1,542	8,538	10,080
Supplies	1,726	1,991	239	3,956	4,235	4,392	204	8,831
Postage	109	164	1,736	2,009	237	9	1,992	2,238
Printing and publications	–	–	4,545	4,545	–	–	5,070	5,070
Public relations	–	–	9,329	9,329	–	–	5,270	5,270
Volunteer recruitment and recognition	4,541	–	–	4,541	4,398	–	–	4,398
Volunteer training	3,519	–	–	3,519	14,391	–	–	14,391
Dues and subscriptions	6,618	1,318	725	8,661	8,329	1,358	1,598	11,285
Travel	12,395	1,405	2,261	16,061	18,244	3,037	2,635	23,916
Professional development	3,089	3,174	351	6,614	1,786	3,078	323	5,187
Camp and educational resources	345	–	–	345	479	–	–	479
Depreciation	8,693	1,551	–	10,244	9,639	9,317	–	18,956
Other expenses	3,199	7,098	942	11,239	4,687	11,126	1,121	16,934
Total expenses before grants and assistance to other organizations and individuals	1,594,257	204,257	477,194	2,275,708	1,537,062	262,769	403,226	2,203,057
Grants and assistance to Victims of Crime Act (VOCA) subawardees	304,785	–	–	304,785	204,145	–	–	204,145
Grants and assistance to individuals	4,911	–	–	4,911	–	–	–	–
Total expenses	$ 1,903,953	204,257	477,194	2,585,404	1,741,207	262,769	403,226	2,407,202

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Cash received from contributors and grantors	$ 1,519,104	1,342,469
Cash received from government grants and contracts, service fees, and other sources	832,717	756,203
Interest income	138	453
Distribution of investment return on assets held by the Oregon Community Foundation	8,251	8,092
Cash paid to employees and suppliers	(2,484,275)	(2,430,123)
Net cash used in operating activities	(124,065)	(322,906)
Cash flows from investing activities:		
Capital expenditures	(15,283)	(37,410)
Net cash used in investing activities	(15,283)	(37,410)
Cash flows from financing activities:		
Proceeds from issuance of debt	319,000	–
Net cash provided by financing activities	319,000	–
Increase (decrease) in cash and cash equivalents	179,652	(360,316)
Cash and cash equivalents at beginning of year	386,199	746,515
Cash and cash equivalents at end of year	$ 565,851	386,199

See accompanying notes to financial statements.

1. Organization

Founded in 1986, CASA for Children, Inc. exists to advocate for children who have been abused and neglected and are in the protective custody of the court. The organization recruits, trains, and supervises volunteer Court-Appointed Special Advocates (CASA's) who become passionate protectors of their CASA kids. The legislature and the courts grant CASA's unusual authority so that they are able to ensure that a child is not ignored and that the judge is able to understand and act on a child's critical needs. CASA advocates help get children into permanent homes safely and quickly to reduce the amount of time they are exposed to the foster care system. This benefits all of us. With a CASA to guide them, children move through the system more quickly. And quicker means safer; 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 kid's need, caring adults attending to their development and well-being, and that reaps 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. CASA's 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 and regular program supervision ensure that advocates are able to bring objectivity, tenacity and consistent advocacy into an overloaded child welfare system.

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.

Measure of Operations – The organization includes in its measure of operations all revenues and expenses that are integral to its programs and supporting activities, including net assets released from donor restrictions to support operations. The measure of operations excludes the early termination of operating lease commitments.

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, 2020 and 2019, CASA held $317,377 and $150,255, 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 4.

Grants, contracts, and other receivables also subject the organization to concentrations of credit risk. At June 30, 2020, $200,000 was due from one grantor and $131,296 was due from another grantor. At June 30, 2019, $96,296 was due from one grantor and $20,000 was due from a second grantor.

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

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, 2020 and 2019, CASA held net tax operating losses carried forward related to net income from CASA Cards totaling $216,005. 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, 2020 and 2019, the remaining deferred income taxes of the organization represent the availability of the net operating losses carried forward cited in the preceding paragraph, totaling $75,619, 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 21, 2020, 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. Grants, Contracts, and Other Receivables

Grants, contracts, and other unconditional receivables at June 30, 2020 and 2019, and are summarized as follows:

		2020	2019
Government grants and contracts receivable	$	144,859	113,591
Private grants receivable		335,000	20,000
Contributions receivable		325,228	–
Event receivables		–	17,800
Other receivables		2,148	5,873
	$	807,235	157,264

		2020	2019
Unconditional promises expected to be collected within:			
Less than one year	$	535,235	147,264
One year to five years		272,000	10,000
	$	807,235	157,264

At June 30, 2020, the organization held six conditional gifts totaling $874,837. Receipts of five of the conditional gifts, totaling $724,837, was conditioned upon incurring allowable expenses. Receipt of the sixth conditional gift, totaling $150,000, was conditioned upon reaching certain fundraising goals. These awards have not been included in the accompanying financial statements because, as of June 30, 2020, the organization had not fully satisfied the associated conditions

At June 30, 2019 the organization held a conditional gift totaling $524,024 (including $328,240 to be distributed to subgrantees), which was conditioned upon incurring allowable expenses. This award has not been included in the accompanying financial statements because, as of June 30, 2019, the organization had not fully satisfied the associated conditions.

4. 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, 2020 and 2019 are summarized as follows:

		2020	2019
Balance at beginning of year	$	195,137	191,232
Net change in beneficial interest in assets held by OCF		(1,006)	11,997
Distribution of investment return on assets held by OCF		(8,251)	(8,092)
Balance at end of year	$	185,880	195,137

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 (generally 4.4% of the average fair market value of the funds using a trailing 13-quarter average). During the years ended June 30, 2020 and 2019, the organization received distributions totaling $8,251 and $8,092, 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.

5. Property and Equipment

A summary of property and equipment as of June 30, 2020 and 2019 is as follows:

		2020	2019
Buildings	$	210,667	196,332
Leasehold improvements		30,084	30,084
Furniture and equipment		122,949	122,000
		363,700	348,416
Less accumulated depreciation		(322,853)	(312,608)
	$	40,847	35,808

6. Line of Credit

CASA maintains an unsecured line of credit with Wells Fargo Bank for up to $40,000, bearing interest at 9.5% at June 30, 2020 and 2019. There were no outstanding borrowings under this agreement at June 30, 2020 or 2019.

7. Loan 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.

The bank's loan is guaranteed by the U.S. Small Business Administration ("SBA"), and is designed to provide a direct incentive for organization and other small businesses and nonprofits to keep their employees on payroll during the COVID-19 pandemic. The SBA has 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 are used for payroll, rent, mortgage interest, and/or utilities, and certain other conditions are met. However, the amount of loan forgiveness will be reduced if less than 60% of the funds are spent on payroll over a loan forgiveness period The organization has elected the 24-week covered period.

The loan matures in April of 2022, and bears interest at a rate of 1.0% per annum, payable monthly. Pursuant to the loan agreement, CASA must pay principal and interest of $13,431 beginning in November of 2020. The organization may prepay 20% or less of the unpaid balance at any time prior to maturity with no prepayment penalty. If the loan has been sold by the lender on a secondary market, the organization may prepay more than 20% of the unpaid balance with written notice to the lender.

In accordance with the provisions of the PPP and SBA's promise of forgiveness, the organization intends to use the majority of loan amount for the qualifying expenses and, accordingly, will account for the loan as debt under Financial Accounting Standards Board Accounting Standards Codification Topic 470.

8. Net Assets with Donor Restrictions

The following summarizes CASA for Children, Inc.'s net assets with donor-imposed restrictions as of June 30, 2020 and 2019:

		2020	2019
Expendable net assets restricted for the following purposes:			
Building fund	$	28,838	28,838
Child Advocacy Growth Project		60,000	20,000
Diversity, Equity & Inclusion		15,225	–
Camp for Kids		2,673	3,019
Future periods		528,106	–
		634,842	51,857
Endowment funds		185,880	195,137
Total net assets with donor restrictions	$	820,722	246,994

9. 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, 2020:

		With donor restrictions		
		Accumulated endowment return	Endowment principal	Total endowment
Endowment net assets at June 30, 2019	$	75,243	119,894	195,137
Net decline in beneficial interest in net assets held by the Oregon Community Foundation		(1,006)	–	(1,006)
Distribution of investment return on assets held by the Oregon Community Foundation		(8,251)	–	(8,251)
Endowment net assets at June 30, 2020	$	65,986	119,894	185,880

The following summarizes the organization's endowment-related activities for the year ended June 30, 2019:

		With donor restrictions		
		Accumulated endowment return	Endowment principal	Total endowment
Endowment net assets at June 30, 2018	$	71,338	119,894	191,232
Net appreciation in beneficial interest in net assets held by the Oregon Community Foundation		11,997	–	11,997
Distribution of investment return on assets held by the Oregon Community Foundation		(8,092)	–	(8,092)
Endowment net assets at June 30, 2019	$	75,243	119,894	195,137

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, 2020, the organization's Board of Directors appropriated $8,251 of donor-restricted endowment assets ($8,092 in 2019). See note 4.

10. 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, 2020 and 2019 are summarized as follows:

	2020	2019
Free use of office facilities	$ 116,000	116,000
Technical support	12,000	12,000
Professional services	25,200	–
	$ 153,200	128,000

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, 2020, CASA benefitted from the service of more than 471 Court-Appointed Special Advocates, which represent approximately 113,040 hours of service, or the equivalent of 54 full-time employees. (In 2019, these figures were, respectively, 494 CASA's, 118,860 hours of service, and the equivalent of 58 full-time employees). CASA also benefitted from the services of other volunteers representing an additional 3,290 hours of service (2,432 hours in 2019). The value of such services has not been recognized in the accompanying financial statements.

11. Government Grants and Contract Service Fees

During the years ended June 30, 2020 and 2019, the organization reported government grants and contract service fees from the following sources:

	2020	2019
Washington County [1]	$ 129,601	161,417
Washington County – CDBG	–	25,000
Multnomah County [1]	166,473	182,962
Columbia County [1]	30,755	31,592
State of Oregon – Title IV-E	14,246	21,327
State of Oregon – VOCA	484,668	321,918
City of Beaverton	10,000	10,000
City of Hillsboro	6,000	5,700
City of Scappoose	8,017	4,133
City of Troutdale	8,000	3,800
	$ 857,760	767,849

[1] Paid through an agreement with the State of Oregon Department of Administrative Service.

12. Net Assets Released from Restrictions

During the years ended June 30, 2020 and 2019, the organization incurred $18,596 and $121,271, respectively, in expenses that satisfied restricted purposes specified by donors, or satisfied the restrictions by the occurrence of other events.

13. 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.

14. Retirement Plan

The organization sponsors an employer contributory tax-deferred annuity plan, described under Section 403(b) of the Internal Revenue Code covering all employees. Contributions to the plan are made by employees on a voluntary basis and employer matching contributions are made as a percentage of each employee's contribution, depending on the employee's length of service. Employee elective deferral contributions in excess of 5.0% of salary are not matched. Matching contributions vest following a four-year vesting schedule. During the years ending June 30, 2020 and 2019, 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 5.0% maximum. During the years ended June 30, 2020 and 2019, the organization contributed $42,303 and $40,123, respectively, to this retirement plan.

15. Lease Commitments

The organization leases office equipment and facilities under various operating leases, which expire in various years through February of 2025.

At June 30, 2020, the organization's future annual lease commitments are as follows:

Years ending June 30,	
2021	$ 50,739
2022	36,143
2023	13,128
2024	13,128
2025	8,017
	$ 121,155

Lease expense paid in connection with the operating leases for the years ended June 30, 2020 and 2019 totaled $50,188 and $47,941, respectively.

During the year ended June 30, 2018, the organization entered into an agreement to extend the facility lease through June 30, 2021. 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.

16. 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, 2020 and 2019, 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 4 for a summary of the beneficial interest in assets held by OCF and associated activity for the years ended June 30, 2020 and 2019.

17. 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.

18. 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, 2020:

Total financial assets available:	
Cash and cash equivalents	$ 565,851
Grants, contracts and other receivables	807,235
Beneficial interest in assets held by OCF	185,880
	1,558,966
Less financial assets not available within the year ending June 30, 2021:	
Financial assets restricted by donors for endowment	(185,880)
Financial assets restricted by donors for future periods	(272,000)
	(457,880)
Plus other funds subject to appropriation for expenditure:	
Fiscal year 2021 endowment appropriations for operations	8,000
	$ 1,109,086

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 6).

19. Statements of Cash Flow Reconciliation

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

	2020	2019
Increase (decrease) in net assets	$ 500,789	(262,998)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	10,244	18,956
Net change in beneficial interest in assets held by the Oregon Community Foundation (net of distributions of investment return of $8,251 in 2020 and $8,092 in 2019)	9,257	(3,905)
Net change in:		
Grants, contracts, and other receivables	(649,971)	(6,746)
Prepaid expenses and other assets	11,293	(3,026)
Accounts payable and accrued expenses	(7,283)	13,725
Grants payable	14,730	36,339
Accrued payroll and related expenses	14,719	(36,016)
Deferred revenue and refundable advances	(27,843)	(79,235)
Total adjustments	(624,854)	(59,908)
Net cash used in operating activities	$ (124,065)	(322,906)

20. Coronavirus Pandemic

In December of 2019, an outbreak of a novel strain of coronavirus (COVID-19), originated in Wuhan, China, and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including Oregon, have declared a public health state of emergency, ordering the public to stay at home, closing specified businesses, and requiring social distancing measures for most public and private facilities.

It is anticipated that the effects of these events will continue for some time, including continuing disruptions to, or restrictions on, our employees' ability to work and on the ability of our patrons, customers and other constituents to fully participate in our programs and continue their current level of financial support to the organization. Future financial impacts on the organization are not readily determinable. Possible effects could include reduced operations and fundraising.

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GOVERNING BOARD AND MANAGEMENT

JUNE 30, 2020

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Senior Vice President
Wealth Management
UBS Financials Services, Inc.

Charles Swindells, *Vice-President and Governance Chair*
Attorney

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Betsy Granger, *Program and Government Relations Chair*
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Mary Turina, *Development Chair*
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Stand for Children

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Director of Account Management & Retirement Plan Services
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Vice President of Development
Community Foundation of Southwest Washington

Pat Welch
Partner
Boly:Welch

Management

Elizabeth Stark Miller
Executive Director

Laura Collins
Major Gifts, Development & Communications Director

Kathy Finney
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Program Attorney

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