GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

CASA for Children, Inc.

Financial Statements and Other Information
as of and for the Years Ended June 30, 2023 and 2022
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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

As discussed in note 3 to the financial statements, in 2023, the CASA for Children, Inc. adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended. Our opinion is not modified with respect to this matter.

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

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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.

Gray McCann & Co. LLP

September 18, 2023

CASA FOR CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022
Assets:		
Cash and cash equivalents	$ 1,936,591	1,541,121
Grants, contributions, and other receivables *(note 4)*	572,534	448,686
Prepaid expenses and other assets	1,326	8,651
Beneficial interest in assets held by the Oregon Community Foundation *(note 5)*	227,579	223,798
Right-of-use assets – operating leases (*note 8*)	90,459	–
Property and equipment *(note 6)*	13,882	13,376
Total assets	$ 2,842,371	2,235,632
Liabilities:		
Accounts payable and accrued expenses	18,649	4,330
Accrued payroll and related expenses	117,562	169,418
Conditional sponsorships	72,750	44,000
Loans payable *(note 16)*	–	280,000
Lease liabilities – operating leases (*note 8*)	90,482	–
Total liabilities	299,443	497,748
Net assets:		
Without donor restrictions:		
Available for programs and general operations	1,695,223	1,301,474
Net investment in capital assets	13,882	13,376
Total without donor restrictions	1,709,105	1,314,850
With donor restrictions *(note 9)*	833,823	423,034
Total net assets	2,542,928	1,737,884
Commitments and contingencies *(notes 4, 7, 15, and 18)*		
Total liabilities and net assets	$ 2,842,371	2,235,632

See accompanying notes to financial statements.

CASA FOR CHILDREN, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating revenues, gains, and other support						
Private contributions and grants	$ 1,010,934	410,750	1,421,684	1,034,252	131,333	1,165,585
Legacies and bequests	433,553	110,952	544,505	–	–	–
In-kind contributions *(note 11)*	160,315	–	160,315	136,000	–	136,000
Special events, net of direct costs of $116,432 in 2023 and $17,456 in 2022	214,046	–	214,046	55,965	–	55,965
Government grants *(note 12)*	998,152	9,000	1,007,152	956,074	8,000	964,074
Interest income	9,732	–	9,732	323	–	323
Contribution from CASA of Lincoln & Tillamook Counties Inc. (*note 1*)	14,107	–	14,107	–	–	–
Other income	–	–	–	231	–	231
Net change in the beneficial interest in assets held by the Oregon Community Foundation *(note 5)*	–	13,047	13,047	–	(13,703)	(13,703)
Total operating revenues and gains	2,840,839	543,749	3,384,588	2,182,845	125,630	2,308,475
Net assets released from restrictions *(note 13)*	132,960	(132,960)	–	460,574	(460,574)	–
Total operating revenues, gains, and other support	2,973,799	410,789	3,384,588	2,643,419	(334,944)	2,308,475
Expenses *(note 14)*:						
Program services	1,926,182	–	1,926,182	1,753,543	–	1,753,543
Management and general	442,658	–	442,658	296,484	–	296,484
Development	490,704	–	490,704	398,407	–	398,407
Total expenses	2,859,544	–	2,859,544	2,448,434	–	2,448,434
Increase (decrease) in net assets before non-operating activities	114,255	410,789	525,044	194,985	(334,944)	(139,959)
Non-operating activities:						
Loss on uncollectible receivables	–	–	–	–	(59,000)	(59,000)
Paycheck Protection Program loan forgiveness *(note 16)*	280,000	–	280,000	319,000	–	319,000
Gain on sale of assets *(note 6)*	–	–	–	442,797	–	442,797
Total non-operating activities	280,000	–	280,000	761,797	(59,000)	702,797
Increase (decrease) in net assets	394,255	410,789	805,044	956,782	(393,944)	562,838
Net assets at beginning of year	1,314,850	423,034	1,737,884	358,068	816,978	1,175,046
Net assets at end of year	$ 1,709,105	833,823	2,542,928	1,314,850	423,034	1,737,884

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

YEARS ENDED JUNE 30, 2023 AND 2022

	2023				2022			
		Supporting services				Supporting services		
	Program services	Management and general	Development	Total	Program services	Management and general	Development	Total
Salaries and related expenses	$ 1,597,659	322,516	322,114	2,242,289	1,447,420	221,636	301,331	1,970,387
Professional fees	68,963	37,703	33,648	140,314	57,331	25,277	31,145	113,753
Marketing and advertising	–	–	25,470	25,470	–	–	15,228	15,228
Occupancy	133,818	21,866	11,226	166,910	132,911	13,488	14,163	160,562
Telephone	12,325	11,685	2,035	26,045	17,924	2,480	2,480	22,884
Insurance	10,455	2,376	1,426	14,257	11,948	1,824	1,915	15,687
Equipment and maintenance	44,326	4,657	14,494	63,477	49,198	3,499	15,171	67,868
Interest and bank charges	–	3,207	11,352	14,559	–	3,100	4,065	7,165
Supplies	3,567	775	465	4,807	4,696	717	753	6,166
Postage	457	121	1,018	1,596	101	296	432	829
Printing and publications	–	–	12,579	12,579	–	–	5,073	5,073
Public relations	–	–	51,908	51,908	–	–	3,591	3,591
Volunteer recruitment and recognition	10,798	–	–	10,798	2,687	–	–	2,687
Volunteer training	16,769	–	–	16,769	5,660	–	–	5,660
Dues and subscriptions	7,954	1,299	694	9,947	6,909	1,055	1,108	9,072
Travel	6,258	872	1,546	8,676	2,556	373	619	3,548
Professional development	3,172	19,193	154	22,519	5,677	11,368	808	17,853
Camp and educational resources	–	–	–	–	537	–	–	537
Depreciation	5,039	–	–	5,039	5,964	–	–	5,964
Other expenses	4,622	16,388	575	21,585	2,024	11,371	525	13,920
Total expenses	$ 1,926,182	442,658	490,704	2,859,544	1,753,543	296,484	398,407	2,448,434

See accompanying notes to financial statements.

CASA FOR CHILDREN, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Cash received from contributors and grantors	$ 2,175,541	1,473,600
Cash received from government grants and contracts, service fees, and other sources	1,047,287	946,001
Interest income	9,732	323
Distribution of investment return on assets held by the Oregon Community Foundation	9,266	8,785
Cash paid to employees and suppliers	(2,826,758)	(2,260,144)
Cash paid for amounts included in the measurement of operating lease liabilities	(14,053)	–
Net cash provided by operating activities	401,015	168,565
Cash flows from investing activities:		
Capital expenditures	(5,545)	(5,747)
Net proceeds from the sale of capital assets	–	471,822
Net cash provided by (used in) investing activities	(5,545)	466,075
Increase in cash and cash equivalents	395,470	634,640
Cash and cash equivalents at beginning of year	1,541,121	906,481
Cash and cash equivalents at end of year	$ 1,936,591	1,541,121

Supplemental schedule of noncash financing activities:		
Paycheck Protection Program loan forgiveness *(note 16)*	$ 280,000	319,000
Right-of-use assets upon FASB ASU 2016-02 implementation – operating leases *(note 3)*	13,348	–
Right-of-use assets obtained in exchange for new operating lease obligations	90,794	–

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 competency and awareness 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. Tillamook County was formerly served by CASA of Lincoln & Tillamook Counties, Inc., an unaffiliated organization dissolved in February 2022. With the expansion, effective August 1, 2022, CASA For Children becomes a four-county program serving children in Multnomah, Washington, Columbia, and Tillamook Counties.

During the year ended June 30, 2023, CASA received a portion of the assets of CASA of Lincoln & Tillamook Counties, Inc. as part of the dissolution.

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 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, 2023 and 2022, CASA held $1,686,737 and $1,283,091, 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, 2023, $200,000 was due from one grantor, $110,952 was due from a second grantor, and $75,000 was due from a third grantor. At June 30, 2022, $100,000 was due from one grantor and $75,000 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, 2023 and 2022, CASA held net tax operating losses carried forward related to net income from CASA Cards totaling $183,280 and $206,587. The net operating losses carried forward are available to offset future taxable income, if any, expiring through the years indicated: $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, 2023 and 2022, the remaining deferred income taxes of the organization represent the availability of the net operating losses carried forward cited in the preceding paragraph, totaling $64,148 and $72,395, 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 18, 2023, 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-Adopted Accounting Standard

In February of 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which requires lessees to record a right-of-use ("ROU") asset and a lease liability on the statement of financial position for all leases with a term longer than 12 months. On July 1, 2022, CASA adopted ASU No. 2016-02, as amended.

At the time of adoption, and in accordance with ASU 2016-02, CASA elected the package of practical expedients to not reassess: 1) whether any expired or existing contracts are or contain a lease, 2) lease classification for any expired or existing leases, and 3) whether previously capitalized initial direct costs would qualify for capitalization under Topic 842. CASA has also elected the short-term lease exemption policy which permits an organization to not recognize leases, at the commencement date, with a lease term of 12 months or less in its statement of financial position. CASA uses a risk-free rate at lease commencement date for discounting leases, and has elected not to separate lease and non-lease components in the calculation of the ROU assets and lease obligations.

CASA elected the modified retrospective transition approach with the cumulative effect of application recognized at the effective date of adoption and comparative periods are not adjusted. As a result of adoption, on July 1, 2022, CASA recognized (a) operating ROU asset totaling $13,348, (b) operating lease liability of $13,348, which represents the present value of the remaining lease payments, discounted using the risk-free rate at the date of adoption measured over the remaining lease term. Comparative prior period information has not been restated. Also see note 8.

4. Grants, Contributions, and Other Receivables

Grants, contributions, and other unconditional receivables at June 30, 2023 and 2022, and are summarized as follows:

		2023	2022
Government grants and contracts receivable	$	47,132	87,267
Private grants receivable		324,000	253,765
Contributions receivable		198,402	105,154
Event receivables		3,000	2,500
	$	572,534	448,686

		2023	2022
Unconditional promises expected to be collected within:			
Less than one year	$	443,034	403,686
One year to five years		129,500	45,000
	$	572,534	448,686

At June 30, 2023, the organization held one conditional gift totaling $190,491, which was conditioned upon incurring allowable expenses. 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.

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, 2023 and 2022 are summarized as follows:

		2023	2022
Balance at beginning of year	$	223,798	246,286
Net change in beneficial interest in assets held by OCF		13,047	(13,703)
Distribution of investment return on assets held by OCF		(9,266)	(8,785)
Balance at end of year	$	227,579	223,798

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 4.2% of the average fair market value of the funds using a trailing 13-quarter average). During the years ended June 30, 2023 and 2022, the organization received distributions totaling $9,266 and $8,785, 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, 2023 and 2022 is as follows:

		2023	2022
Leasehold improvements	$	30,084	30,084
Furniture and equipment		134,547	129,002
		164,631	159,086
Less accumulated depreciation		(150,749)	(145,710)
	$	13,882	13,376

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 11% and 8.75% at June 30, 2023 and 2022, respectively. There were no outstanding borrowings under this agreement at June 30, 2023 or 2022.

8. Leases

CASA has entered into a variety of operating lease agreements for office space and equipment. ROU assets and associated lease liabilities have been recorded for these leases in accordance with Topic 842. These leases expire on various dates through April of 2028 with no option to renew.

At June 30, 2023, CASA's ROU assets and corresponding lease liabilities for operating leases totaled $90,459 and $90,482, respectively.

Lease expense related to these operating leases totaled $14,076 for the year ended June 30, 2023. Some of the leases require variable payments for operating expenses which are expensed as incurred. Variable payments totaled $1,839 for the year ended June 30, 2023.

As of June 30, 2023, the weighted-average discount rate was 3.83%, and remaining weighted-average lease term for operating leases was 4 years.

Future Lease Payments

Operating lease payments are expected to be paid for each of the following fiscal years:

Years ending June 30,		
2024	$	30,055
2025		27,828
2026		14,213
2027		13,899
2028		11,553
		97,548
Less present value discount		(7,066)
Total lease liability	$	90,482

CASA leases certain facilities through a lease agreement that expires on June 30, 2025. 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. Also see note 11.

9. Net Assets with Donor Restrictions

The following summarizes CASA for Children, Inc.'s net assets with donor-imposed restrictions as of June 30, 2023 and 2022:

		2023	2022
Expendable net assets restricted for the following purposes:			
Building fund	$	28,838	28,838
Child Advocacy Growth Project		–	50,000
Diversity, Equity & Inclusion		–	8,333
Camp for Kids		1,704	1,704
Future periods		575,702	110,361
		606,244	199,236
Endowment funds		227,579	223,798
Total net assets with donor restrictions	$	833,823	423,034

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, 2023:

	With donor restrictions		
	Accumulated endowment return	Endowment principal	Total endowment
Endowment net assets at June 30, 2022	$ 103,904	119,894	223,798
Net increase in beneficial interest in net assets held by the Oregon Community Foundation	13,047	–	13,047
Distribution of investment return on assets held by the Oregon Community Foundation	(9,266)	–	(9,266)
Endowment net assets at June 30, 2023	$ 107,685	119,894	227,579

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

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, 2023, the organization's Board of Directors appropriated $9,266 of donor-restricted endowment assets ($8,785 in 2022). 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, 2023 and 2022 are summarized, including their utilization by program services or other activities, as follows:

		2023	2022
Free use of office Facilities:			
Program services	$	86,064	88,349
Management and general		18,710	13,488
Development		11,226	14,163
		116,000	116,000
Technical support:			
Program services		8,903	9,140
Management and general		1,936	1,395
Development		1,161	1,465
		12,000	12,000
Professional service:			
Development		32,315	–
Equipment		–	8,000
	$	160,315	136,000

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 and professional service are valued and reported at the estimated fair value based on current market rates for similar 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, 2023, CASA benefitted from the service of more than 454 Court-Appointed Special Advocates, which represent approximately 108,960 hours of service, or the equivalent of 52 full-time employees. (In 2022, these figures were, respectively 476 CASA's, 114,240 hours of service, and the equivalent of 55 full-time employees). CASA also benefitted from the services of other volunteers representing an additional 3,546 hours of service (3,000 hours in 2022). The value of such services has not been recognized in the accompanying financial statements.

12. Government Grants

During the years ended June 30, 2023 and 2022, the organization reported government grants from the following sources as operating revenues:

	2023	2022
Washington County [1]	$ 198,731	170,303
Multnomah County [1]	409,464	409,400
Columbia County [1]	60,252	60,311
Tillamook County [1]	30,071	–
State of Oregon – Title IV-E	20,570	19,124
State of Oregon – VOCA	130,769	274,936
VOCA Replacement Fund [1]	114,295	–
City of Hillsboro	16,000	12,000
City of Beaverton	10,000	10,000
City of Scappoose	5,000	4,000
City of Gresham	4,000	4,000
City of Sherwood	7,500	–
City of St. Helens	500	–
	$ 1,007,152	964,074

[1] During the year ended June 30, 2023, and 2022, these contracts were paid through an agreement with the Oregon CASA Network.

13. Net Assets Released from Restrictions

During the years ended June 30, 2023 and 2022, the organization incurred $132,960 and $519,574, 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, 2023 and 2022, 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, 2023 and 2022, the organization contributed $48,566 and $43,538, respectively, to this retirement plan.

16. Paycheck Protection Program

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.

In accordance with the provisions of the PPP, the organization used the loans for qualifying expenses and obtained full forgiveness of the first and second PPP loan in July of 2021 and July of 2022, respectively, and recognized the forgiveness on the statement of activities.

17. 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, 2023 and 2022, 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, 2023 and 2022.

18. 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.

19. 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, 2023:

Total financial assets available:	
Cash and cash equivalents	$ 1,936,591
Grants, contracts and other receivables	572,534
Beneficial interest in assets held by OCF	227,579
	2,736,704
Less financial assets not available within the year ending June 30, 2024:	
Financial assets restricted by donors for endowment	(227,579)
Financial assets restricted by donors for future periods	(129,500)
	(357,079)
Plus other funds subject to appropriation for expenditure:	
Fiscal year 2024 endowment appropriations for operations	9,000
	$ 2,388,625

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).

20. 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):

	2023	2022
Increase in net assets	$ 805,044	562,838
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	5,039	5,964
Net change in beneficial interest in assets held by the Oregon Community Foundation (net of distributions of investment return of $9,266 in 2023 and $8,785 in 2022)	(3,781)	22,488
Amortization of ROU assets – operating leases	13,839	–
Loss on uncollectible receivable	–	59,000
Gain on sale of assets	–	(442,797)
In-kind capital assets	–	(8,000)
PPP loan forgiveness	(280,000)	(319,000)
Net change in:		
Grants, contributions, and other receivables	(123,848)	172,290
Prepaid expenses and other assets	7,325	(1,602)
Accounts payable and accrued expenses	14,319	(10,151)
Accrued payroll and related expenses	(51,856)	83,535
Deferred revenues	28,750	44,000
Lease liabilities – operating leases	(13,816)	–
Total adjustments	(404,029)	(394,273)
Net cash provided by operating activities	$ 401,015	168,565

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GOVERNING BOARD AND MANAGEMENT

JUNE 30, 2023

INQUIRIES AND OTHER INFORMATION

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