GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

CASA for Children, Inc.

Financial Statements and Other Information
as of and for the Year Ended June 30, 2021 and 2020
and Report of Independent Accountants

CASA FOR CHILDREN, INC.

TABLE OF CONTENTS

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, 2021 and 2020, 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.

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, 2021 and 2020, 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.

Gary McGee & Co. LLP

September 16, 2021

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CASA FOR CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
Assets:		
Cash and cash equivalents	$ 906,481	565,851
Grants, contributions, and other receivables *(note 4)*	679,976	807,235
Prepaid expenses and other assets	7,049	9,802
Beneficial interest in assets held by the Oregon Community Foundation *(note 5)*	246,286	185,880
Property and equipment *(note 6)*	34,618	40,847
Total assets	$ 1,874,410	1,609,615
Liabilities:		
Accounts payable and accrued expenses	14,481	20,885
Grants payable	–	78,691
Accrued payroll and related expenses	85,883	83,951
Refundable advances	–	3,182
Loans payable *(note 8)*	599,000	319,000
Total liabilities	699,364	505,709
Net assets:		
Without donor restrictions:		
Available for programs and general operations	323,450	242,337
Net investment in capital assets	34,618	40,847
Total without donor restrictions	358,068	283,184
With donor restrictions *(note 9)*	816,978	820,722
Total net assets	1,175,046	1,103,906
Commitments and contingencies *(notes 4, 7, 8, 15, 16, and 18)*		
Total liabilities and net assets	$ 1,874,410	1,609,615

See accompanying notes to financial statements.

CASA FOR CHILDREN, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support						
Private contributions and grants	$ 1,029,787	136,168	1,165,955	1,173,448	589,224	1,762,672
Legacies and bequests	–	123,051	123,051	30,276	–	30,276
In-kind contributions *(note 11)*	128,000	–	128,000	153,200	–	153,200
Special events, net of direct costs of $38,799 in 2021 and $95,774 in 2020	42,200	–	42,200	280,653	–	280,653
Government grants *(note 12)*	610,895	8,394	619,289	853,654	4,106	857,760
Interest income	206	–	206	138	–	138
Other income	1,888	–	1,888	2,500	–	2,500
Net change in the beneficial interest in assets held by the Oregon Community Foundation *(note 5)*	–	68,711	68,711	–	(1,006)	(1,006)
Total revenues and gains	1,812,976	336,324	2,149,300	2,493,869	592,324	3,086,193
Net assets released from restrictions *(note 13)*	340,068	(340,068)	–	18,596	(18,596)	–
Total revenues, gains, and other support	2,153,044	(3,744)	2,149,300	2,512,465	573,728	3,086,193
Expenses *(note 14)*:						
Program services	1,580,029	–	1,580,029	1,903,953	–	1,903,953
Management and general	205,741	–	205,741	204,257	–	204,257
Development	292,390	–	292,390	477,194	–	477,194
Total expenses	2,078,160	–	2,078,160	2,585,404	–	2,585,404
Increase (decrease) in net assets	74,884	(3,744)	71,140	(72,939)	573,728	500,789
Net assets at beginning of year	283,184	820,722	1,103,906	356,123	246,994	603,117
Net assets at end of year	$ 358,068	816,978	1,175,046	283,184	820,722	1,103,906

See accompanying notes to financial statements.

CASA FOR CHILDREN, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
		Supporting services				Supporting services		
	Program services	Management and general	Development	Total	Program services	Management and general	Development	Total
Salaries and related expenses	$ 1,235,869	149,073	199,032	1,583,974	1,283,020	129,950	316,054	1,729,024
Professional fees	39,407	24,353	26,534	90,294	61,775	40,067	97,820	199,662
Marketing and advertising	7,595	–	23,605	31,200	150	–	100	250
Occupancy	134,923	13,845	9,230	157,998	133,774	9,280	16,240	159,294
Telephone	19,764	2,934	1,688	24,387	16,517	2,407	2,524	21,448
Insurance	14,543	2,158	1,439	18,140	12,113	1,243	2,174	15,530
Equipment and maintenance	44,819	4,054	13,545	62,418	42,674	2,661	15,798	61,133
Interest and bank charges	–	2,559	5,223	7,783	–	1,948	6,356	8,304
Supplies	1,943	193	459	2,595	1,726	1,991	239	3,956
Postage	136	134	1,179	1,449	109	164	1,736	2,009
Printing and publications	–	–	5,738	5,738	–	–	4,545	4,545
Public relations	–	–	2,612	2,612	–	–	9,329	9,329
Volunteer recruitment and recognition	1,580	–	–	1,580	4,541	–	–	4,541
Volunteer training	2,447	–	–	2,447	3,519	–	–	3,519
Dues and subscriptions	4,571	1,318	761	6,650	6,618	1,318	725	8,661
Travel	1,937	44	200	2,181	12,395	1,405	2,261	16,061
Professional development	4,961	4,240	786	9,987	3,089	3,174	351	6,614
Camp and educational resources	432	–	–	432	345	–	–	345
Depreciation	7,329	–	–	7,329	8,693	1,551	–	10,244
Other expenses	4,851	836	359	6,046	3,199	7,098	942	11,239
Total expenses before grants and assistance to other organizations and individuals	1,527,108	205,741	292,390	2,025,239	1,594,257	204,257	477,194	2,275,708
Grants and assistance to Victims of Crime Act (VOCA) subawardees	52,921	–	–	52,921	304,785	–	–	304,785
Grants and assistance to individuals	–	–	–	–	4,911	–	–	4,911
Total expenses	$ 1,580,029	205,741	292,390	2,078,160	1,903,953	204,257	477,194	2,585,404

See accompanying notes to financial statements.

CASA FOR CHILDREN, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Cash received from contributors and grantors	$ 1,428,238	1,519,104
Cash received from government grants and contracts, service fees, and other sources	687,021	832,717
Interest income	206	138
Distribution of investment return on assets held by the Oregon Community Foundation	8,305	8,251
Cash paid to employees and suppliers	(2,062,040)	(2,484,275)
Net cash provided by (used in) operating activities	61,730	(124,065)
Cash flows from investing activities:		
Capital expenditures	(1,100)	(15,283)
Net cash used in investing activities	(1,100)	(15,283)
Cash flows from financing activities:		
Proceeds from the issuance of a note payable *(note 8)*	280,000	319,000
Net cash provided by financing activities	280,000	319,000
Increase in cash and cash equivalents	340,630	179,652
Cash and cash equivalents at beginning of year	565,851	386,199
Cash and cash equivalents at end of year	$ 906,481	565,851

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Organization

Founded in 1986, CASA for Children, Inc. exists to advocate for children who have been abused and/or neglected, 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.

CASAs help children move through the legal system more quickly; and through their guidance, the amount of time these children are exposed to the foster care system is 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 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.

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, 2021 and 2020, CASA held $662,063 and $317,377, 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, 2021, $123,051 was due from one grantor and $100,000 was due from another grantor. At June 30, 2020, $200,000 was due from one grantor and $131,296 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.

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, 2021 and 2020, 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, 2021 and 2020, 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 16, 2021, 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

Effective July 1, 2020, CASA adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which amends the existing accounting standards for revenue recognition. CASA adopted this new revenue standard applying the modified retrospective transition method to contracts not yet completed as of the date of adoption. The adoption of this standard did not have a material effect on CASA's financial statements.

4. Grants, Contributions, and Other Receivables

Grants, contributions, and other unconditional receivables at June 30, 2021 and 2020, and are summarized as follows:

		2021	2020
Government grants and contracts receivable	$	80,837	144,859
Private grants receivable		272,500	335,000
Contributions receivable		322,813	325,228
Event receivables		3,500	–
Other receivables		326	2,148
	$	679,976	807,235

		2021	2020
Unconditional promises expected to be collected within:			
Less than one year	$	652,310	535,235
One year to five years		27,666	272,000
	$	679,976	807,235

Continued

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

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.

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, 2021 and 2020 are summarized as follows:

		2021	2020
Balance at beginning of year	$	185,880	195,137
Net change in beneficial interest in assets held by OCF		68,711	(1,006)
Distribution of investment return on assets held by OCF		(8,305)	(8,251)
Balance at end of year	$	246,286	185,880

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, 2021 and 2020, the organization received distributions totaling $8,305 and $8,251, 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, 2021 and 2020 is as follows:

		2021	2020
Buildings	$	210,667	210,667
Leasehold improvements		30,084	30,084
Furniture and equipment		115,255	122,949
		356,006	363,700
Less accumulated depreciation		(321,388)	(322,853)
	$	34,618	40,847

7. Line of Credit

CASA maintains an unsecured line of credit with Wells Fargo Bank for up to $40,000, bearing interest at 7.25% and 9.5% at June 30, 2021 and 2020, respectively. There were no outstanding borrowings under this agreement at June 30, 2021 or 2020.

8. Loans Payable

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

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

These loans are guaranteed by the Small Business Administration ("SBA"), and are designed to provide a direct incentive for organizations and other small businesses and nonprofits to keep their employees on payroll during the COVID-19 pandemic. The SBA 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.

In accordance with the terms of the loans, the first PPP loan matures in April of 2022, and the second PPP loan matures in April of 2026. Both of the loans bear interest at a rate of 1.0% per annum, payable monthly. These notes may be prepaid by CASA at any time prior to maturity with no prepayment penalties.

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

At June 30, 2021, PPP loans outstanding totaled $599,000. Subsequent to June 30, 2021, CASA obtained forgiveness for the first PPP loan totaling $319,000.

9. Net Assets with Donor Restrictions

The following summarizes CASA for Children, Inc.'s net assets with donor-imposed restrictions as of June 30, 2021 and 2020:

	2021	2020
Expendable net assets restricted for the following purposes:		
Building fund	$ 28,838	28,838
Child Advocacy Growth Project	50,000	60,000
Diversity, Equity & Inclusion	–	15,225
Camp for Kids	2,241	2,673
Future periods	489,613	528,106
	570,692	634,842
Endowment funds	246,286	185,880
Total net assets with donor restrictions	$ 816,978	820,722

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, 2021:

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

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

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, 2021, the organization's Board of Directors appropriated $8,305 of donor-restricted endowment assets ($8,251 in 2020). 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, 2021 and 2020 are summarized as follows:

	2021	2020
Free use of office facilities	$ 116,000	116,000
Technical support	12,000	12,000
Professional services	–	25,200
	$ 128,000	153,200

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, 2021, CASA benefitted from the service of more than 485 Court-Appointed Special Advocates, which represent approximately 116,400 hours of service, or the equivalent of 56 full-time employees. (In 2020, these figures were, respectively, 471 CASA's, 113,040 hours of service, and the equivalent of 54 full-time employees). CASA also benefitted from the services of other volunteers representing an additional 3,003 hours of service (3,290 hours in 2020). The value of such services has not been recognized in the accompanying financial statements.

12. Government Grants

During the years ended June 30, 2021 and 2020, the organization reported government grants from the following sources:

	2021	2020
Washington County [1]	$ 108,472	129,601
Multnomah County [1]	161,051	166,473
Columbia County [1]	32,956	30,755
State of Oregon – Title IV-E	22,493	14,246
State of Oregon – VOCA	269,923	484,668
City of Beaverton	–	10,000
City of Hillsboro	8,000	6,000
City of Scappoose	3,394	8,017
City of Sherwood	5,000	–
City of Troutdale	8,000	8,000
	$ 619,289	857,760

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

13. Net Assets Released from Restrictions

During the years ended June 30, 2021 and 2020, the organization incurred $340,068 and $18,596, 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 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, 2021 and 2020, 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, 2021 and 2020, the organization contributed $36,620 and $42,303, respectively, to this retirement plan.

16. Lease Commitments

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

At June 30, 2021, the organization's future annual lease commitments are as follows:

Years ending June 30,	
2022	$ 36,743
2023	13,728
2024	13,728
2025	8,617
2026	600
Thereafter	150
	$ 73,566

Lease expense paid in connection with the operating leases for the years ended June 30, 2021 and 2020 totaled $52,343 and $50,188, respectively.

During the year ended June 30, 2021, the organization entered into an agreement to extend the facility lease through June 30, 2023. The lease is provided to the organization free of charge (excluding operating expenses), with an estimated annual value of $116,000. The lease can be terminated by either party for any reason with a minimum 90-day notice. The free use of the facility is conditioned upon the organization continuing to use the property in furtherance of the court-appointed special advocates activities of the organization.

17. 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, 2021 and 2020, 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, 2021 and 2020.

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, 2021:

Total financial assets available:		
Cash and cash equivalents	$	906,481
Grants, contracts and other receivables		679,976
Beneficial interest in assets held by OCF		246,286
		1,832,743
Less financial assets not available within the year ending June 30, 2022:		
Financial assets restricted by donors for endowment		(246,286)
Financial assets restricted by donors for future periods		(27,666)
		(273,952)
Plus other funds subject to appropriation for expenditure:		
Fiscal year 2022 endowment appropriations for operations		8,000
	$	1,566,791

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 (used in) operating activities (as reported on the statement of cash flows):

		2021	2020
Increase in net assets	$	71,140	500,789
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:			
Depreciation		7,329	10,244
Net change in beneficial interest in assets held by the Oregon Community Foundation (net of distributions of investment return of $8,305 in 2021 and $8,251 in 2020)		(60,406)	9,257
Net change in:			
Grants, contributions, and other receivables		127,259	(649,971)
Prepaid expenses and other assets		2,753	11,293
Accounts payable and accrued expenses		(6,404)	(7,283)
Grants payable		(78,691)	14,730
Accrued payroll and related expenses		1,932	14,719
Refundable advances		(3,182)	(27,843)
Total adjustments		(9,410)	(624,854)
Net cash provided by (used in) operating activities	$	61,730	(124,065)

21. Coronavirus Pandemic

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

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GOVERNING BOARD AND MANAGEMENT

JUNE 30, 2021

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Senior Vice President
Wealth Management
UBS Financials Services, Inc.

Charles Swindells, *Vice President and Governance Chair*
Attorney

Kieran Curley, *Secretary*
Managing Partner
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CASA Volunteer

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

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Mary Turina,
Business Consultant
Turina Business Consulting

Management

Elizabeth Stark Miller
Executive Director

Laura Collins
Development & Communications Director

Kathy Finney
Operations Director

Kristen Lewis
Legal Director

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