

CASA OF OKLAHOMA COUNTY, INC.

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

**HSPG
&
ASSOCIATES**

ACCOUNTING | TAX | ADVISORY

CASA OF OKLAHOMA COUNTY, INC.
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June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
CASA of Oklahoma County, Inc.
Oklahoma City, Oklahoma

Opinion

We have audited the accompanying financial statements of CASA of Oklahoma County, Inc., (“CASA” or the “Organization”) (a nonprofit organization), 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 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 of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CASA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update No. 2016-02 “Leases (Topic 842)”. Our opinion is not modified with respect to that 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 of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the Organization’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

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therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization'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.

HSPG & Associates, P.C.

October 5, 2023

CASA OF OKLAHOMA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 1,081,311	\$ 838,385
Grants receivable	138,438	168,879
Prepaid expenses and other assets	17,232	20,007
Property and equipment:		
Building lease	45,821	44,000
Furniture and equipment	250,721	247,051
Leased assets - financing leases	34,600	-
Leasehold improvements	75,000	75,000
	<u>406,142</u>	<u>366,051</u>
Less accumulated depreciation	<u>206,497</u>	<u>151,428</u>
	199,645	214,623
Funds held by community foundations	<u>179,183</u>	<u>173,381</u>
TOTAL ASSETS	<u><u>\$ 1,615,809</u></u>	<u><u>\$ 1,415,275</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 81,286	\$ 15,589
Accrued compensated absences	14,002	13,620
Financing lease obligations	35,720	-
TOTAL LIABILITIES	<u>131,008</u>	<u>29,209</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	1,148,973	1,007,810
Board designated endowment	179,183	173,381
Total net assets without donor restrictions	<u>1,328,156</u>	<u>1,181,191</u>
With donor restrictions	<u>156,645</u>	<u>204,875</u>
TOTAL NET ASSETS	1,484,801	1,386,066
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,615,809</u></u>	<u><u>\$ 1,415,275</u></u>

The accompanying notes are an integral part of these financial statements.

CASA OF OKLAHOMA COUNTY, INC.**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED JUNE 30, 2023 (with comparative totals for June 30, 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Contributions	\$ 477,231	\$ 20,000	\$ 497,231	\$ 674,923
Grants and contracts	334,925	102,000	436,925	501,943
Employee Retention Tax Credit	254,776	-	254,776	-
Special events	310,093	-	310,093	116,898
Investment income	21,461	-	21,461	(14,319)
In-kind donations:				
Volunteer services	182,491	-	182,491	194,506
Building leases	3,754	183,285	187,039	3,754
Net assets released from restrictions	353,515	(353,515)	-	-
Total revenues and support	<u>1,938,246</u>	<u>(48,230)</u>	<u>1,890,016</u>	<u>1,477,705</u>
EXPENSES				
Program	1,381,261	-	1,381,261	1,308,899
Management and general	155,163	-	155,163	137,639
Cost of direct benefit to donors	69,050	-	69,050	22,066
Fundraising	185,807	-	185,807	166,784
Total expenses	<u>1,791,281</u>	<u>-</u>	<u>1,791,281</u>	<u>1,635,388</u>
CHANGE IN NET ASSETS	146,965	(48,230)	98,735	(157,683)
NET ASSETS AT BEGINNING OF YEAR	1,181,191	204,875	1,386,066	1,543,749
NET ASSETS AT END OF YEAR	<u>\$ 1,328,156</u>	<u>\$ 156,645</u>	<u>\$ 1,484,801</u>	<u>\$ 1,386,066</u>

The accompanying notes are an integral part of these financial statements.

CASA OF OKLAHOMA COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 614,271	\$ 60,652	\$ 674,923
Grants and contracts	401,720	100,223	501,943
Special events	116,898	-	116,898
Investment income	(14,319)	-	(14,319)
In-kind donations			
Volunteer services	194,506	-	194,506
Building leases	3,754	-	3,754
Net assets released from restrictions	229,125	(229,125)	-
Total revenues and support	<u>1,545,955</u>	<u>(68,250)</u>	<u>1,477,705</u>
EXPENSES			
Program	1,308,899	-	1,308,899
Management and general	137,639	-	137,639
Cost of direct benefit to donors	22,066	-	22,066
Fundraising	166,784	-	166,784
Total expenses	<u>1,635,388</u>	<u>-</u>	<u>1,635,388</u>
CHANGE IN NET ASSETS	(89,433)	(68,250)	(157,683)
NET ASSETS AT BEGINNING OF YEAR	1,270,624	273,125	1,543,749
NET ASSETS AT END OF YEAR	<u>\$ 1,181,191</u>	<u>\$ 204,875</u>	<u>\$ 1,386,066</u>

The accompanying notes are an integral part of these financial statements.

CASA OF OKLAHOMA COUNTY, INC.**STATEMENT OF FUNCTIONAL EXPENSES****FOR THE YEAR ENDED JUNE 30, 2023 (with comparative totals for June 30, 2022)**

	2023					2022
	Program Services	Management and General	Costs of Direct Benefits to Donors	Fundraising	Total	Total
Salaries	\$ 655,702	\$ 77,145	\$ -	\$ 104,828	\$ 837,675	\$ 824,846
Employee benefits	102,726	3,529	-	15,959	122,214	127,152
Payroll taxes	52,418	203	-	9,181	61,802	61,065
Advertising and marketing	1,723	49	-	176	1,948	5,529
Awards and events	5,878	169	-	1,192	7,239	3,012
Bad debt expense	-	-	-	-	-	6,269
Conference and meetings	1,489	59	-	412	1,960	2,867
Depreciation and amortization expense	54,682	2,270	-	8,244	65,196	54,605
Dues and subscriptions	3,732	144	-	671	4,547	10,415
Occupancy	159,168	5,624	-	20,424	185,216	135,754
Office expense	50,849	2,062	-	10,102	63,013	68,576
Information technology	7,959	266	-	967	9,192	4,082
Insurance	14,380	597	-	2,168	17,145	15,876
Professional fees	79,439	62,692	-	10,198	152,329	83,213
Payments to affiliates	8,525	354	-	1,285	10,164	14,464
Special events	100	-	69,050	-	69,150	23,157
Volunteer hours	182,491	-	-	-	182,491	194,506
Total	<u>\$ 1,381,261</u>	<u>\$ 155,163</u>	<u>\$ 69,050</u>	<u>\$ 185,807</u>	<u>\$ 1,791,281</u>	<u>\$ 1,635,388</u>

The accompanying notes are an integral part of these financial statements.

CASA OF OKLAHOMA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Costs of Direct Benefits to Donors	Fundraising	Total
Salaries	\$ 653,221	\$ 73,145	\$ -	\$ 98,480	\$ 824,846
Employee benefits	111,458	2,020	-	13,674	127,152
Payroll taxes	51,583	231	-	9,251	61,065
Advertising and marketing	5,047	68	-	414	5,529
Awards and events	2,599	58	-	355	3,012
Bad debt expense	1,869	-	-	4,400	6,269
Conference and meetings	2,363	53	-	451	2,867
Depreciation and amortization expense	47,047	1,049	-	6,509	54,605
Dues and subscriptions	8,987	200	-	1,228	10,415
Occupancy	120,617	2,125	-	13,012	135,754
Office expense	56,897	1,439	-	10,240	68,576
Information technology	1,478	30	-	2,574	4,082
Insurance	13,699	306	-	1,871	15,876
Professional fees	23,980	56,613	-	2,620	83,213
Payments to affiliates	12,481	278	-	1,705	14,464
Travel	-	-	-	-	-
Special events	1,067	24	22,066	-	23,157
Volunteer hours	194,506	-	-	-	194,506
Total	\$ 1,308,899	\$ 137,639	\$ 22,066	\$ 166,784	\$ 1,635,388

The accompanying notes are an integral part of these financial statements.

CASA OF OKLAHOMA COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 98,735	\$ (157,683)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Building lease	(1,821)	132,000
Depreciation and amortization	65,196	54,605
Change in funds held by community foundations	(15,735)	22,343
Change in operating assets and liabilities:		
Grants receivable	30,441	(35,981)
Prepaid expenses and other assets	2,775	(7,654)
Accounts payable	65,697	10,370
Accrued compensated absences	382	1,161
Net cash used in operating activities	<u>245,670</u>	<u>19,161</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(3,670)	(6,651)
Proceeds from funds held by community foundations	9,933	9,862
Net cash provided by (used in) investing activities	<u>6,263</u>	<u>3,211</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on financing lease obligations	(9,007)	-
Net cash provided by financing activities	<u>(9,007)</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	242,926	22,372
CASH AND CASH EQUIVALENTS, Beginning of year	838,385	816,013
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,081,311</u>	<u>\$ 838,385</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Leased assets acquired via finance lease obligations	<u>\$ 44,727</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CASA OF OKLAHOMA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – The mission of CASA of Oklahoma County, Inc. (“CASA” or the “Organization”) is to provide trained court appointed volunteers who advocate for the best interest of abused and neglected children in the juvenile court system. CASA provides a voice and a caring adult to a child during a very scary time in their lives, the journey into a world of strangers. CASA’s goal is to achieve safe, stable, permanent homes for each and every child served. Implemented in the fall of 1987 as a department under the Oklahoma County Juvenile Bureau, Oklahoma County CASA trained its first class of advocate volunteers in March 1988. As of September 17, 2007, CASA of Oklahoma County, Inc. was incorporated as its own 501(c)(3) organization, and effective July 1, 2008, separated from Oklahoma County in an effort to diversify funding and expand its ability to serve Oklahoma County’s most vulnerable children. The program is a member of both the National CASA and Oklahoma CASA associations.

CASA receives revenue from the Oklahoma CASA Association, Inc., Victims of Crime Act (“VOCA”), Oklahoma County, and the National CASA Association in the form of grants, as well as support from corporations, foundations, and individuals.

Basis of Accounting – The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities.

Basis of Presentation – Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Financial statement presentation reports information regarding CASA’s financial position and activities as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

Revenue recognition – Contributions, including grants and contracts, are recognized as revenues in the period unconditional promises to give are received and are reported as net assets with or without donor restrictions depending on the existence or nature of any donor restrictions. The standards also provide that if the governing body of an organization has the right to remove a donor restriction, the contributions should be classified as without donor restriction. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue and

support from certain grants and contracts are recognized upon the Organization incurring qualifying program expenses. Revenue and support from special fundraising events are recognized in the period the events occur.

In-kind donations – Donations of goods and services are recorded in the financial statements at the estimated value of such goods and services. CASA receives donated rent, utilities, and telephone service as well as various in-kind donations for their special events. See Note 9 for the Organization’s in-kind building lease.

CASA also receives significant volunteer services in conjunction with the advocacy program. These services qualify for in-kind matching for some of its grant funding. CASA volunteers recorded approximately 6,789 and 8,193 hours of service valued at \$182,491 and \$194,506 based on volunteer hourly rates approved by the granting source, for 2023 and 2022, respectively.

Cash and cash equivalents – For purposes of the statement of cash flows, CASA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Funds held by Community Foundations – CASA follows Accounting Standards Codification (“ASC”) guidance which requires a not-for-profit organization that transfers assets to a community foundation and specifies itself as the beneficiary to recognize its beneficial interest in the assets transferred (see Note 5). CASA carries its beneficial interest in the assets held by the Oklahoma City Community Foundation, Inc. (“OCCF”) and the Communities Foundation of Oklahoma (“CFO”) at fair value.

Property and equipment – Property and equipment are recorded at cost, or fair value if donated, and depreciated using the straight-line method over estimated useful lives of five to ten years. Maintenance and repairs which do not improve or extend the useful lives of the assets are expensed as incurred. It is CASA’s policy to capitalize additions and betterments costing more than \$1,000. Upon retirement or replacement, the costs and accumulated depreciation are removed from the respective accounts and the differences are included in changes in net assets.

Compensated absences – CASA provides paid annual and sick leave (“PTO”) to its employees. All full-time employees are eligible for PTO; accrual of which varies depending upon years of service. Maximum accrual is 25 days per year for full-time employees and part-time employees accrue at one half the rate of full-time employees. The maximum cumulative number of days an employee is eligible to accrue is 40 days. Upon reaching the maximum accrual of 40 days, employees may continue to earn, but any unused leave above 40 days will be lost at the end of the employee’s calendar year. PTO is a combination of vacation and sick leave. Upon termination, employees will be paid for up to 40 hours of accrued but unused PTO. Negative PTO balances may be deducted from terminating employees final pay check.

Functional expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the financial statements. The statement of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and activities benefited. The program expense consists of case management, recruiting, and training.

Concentration of Credit Risk – CASA maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. As of June 30, 2023 and 2022, CASA’s balance with financial institutions subject to FDIC coverage did not exceed such coverage.

Income taxes – CASA is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Code as other than a private foundation. CASA is subject to routine audits by taxing jurisdictions. Management believes it is no longer subject to income tax examinations for years prior to 2020.

Subsequent events – CASA has evaluated subsequent events through October 5, 2023, the date the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the financial statements.

Adopted accounting pronouncements – In February 2016, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the statement of financial position for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of July 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of July 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. The most significant effects of adopting FASB ASC 842 was the recognition of \$44,727 of financing lease right-of-use (“ROU”) assets and financing lease liabilities. No cumulative effect adjustment to net assets as of July 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended June 30, 2022.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 1,081,311	\$ 838,385
Grants receivable	138,438	168,879
Distributions from funds held by community foundations	10,265	8,317
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,230,014</u>	<u>\$ 1,015,581</u>

In addition to financial assets available to meet general expenditures over the next 12 months, CASA operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. CASA receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. CASA manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purposes:		
Building lease	\$ 45,821	\$ 44,000
Development director salary	8,824	60,652
Subject to the passage of time:		
Time restricted for subsequent period	<u>102,000</u>	<u>100,223</u>
Total net assets with donor restrictions	<u>\$ 156,645</u>	<u>\$ 204,875</u>

4. EMPLOYEE RETIREMENT PLAN

Effective January 1, 2013, CASA adopted a Simple IRA Plan. Employees are eligible to participate in the plan if they expect to receive at least \$5,000 in compensation in the current calendar year and have received at least \$5,000 during any one prior calendar year. The employees are eligible to make deferrals up to IRS limits and CASA will match the employees' contributions up to 3% of their compensation. CASA's contribution to the retirement plan for the years ended June 30, 2023 and 2022 was \$17,373 and \$16,862, respectively.

5. FUNDS HELD BY COMMUNITY FOUNDATIONS

CASA is the designated beneficiary of donor advised funds at Oklahoma City Community Foundation ("OCCF") and Communities Foundation of Oklahoma ("CFO") (collectively referred to as the "Community Foundations"). These funds were contributed to the Community Foundations by CASA and other third party contributors. The Community Foundations have variance power over all contributions. CASA follows the standard "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Other" to account for these funds. Assets transferred by CASA remain on the statements of financial position as funds held by community foundations. Contributions from third parties are disclosed below, but not recognized as assets of CASA. CASA receives a distribution from funds held at the Community Foundations each year based on a percentage of the average fair market value of the funds over the previous twelve quarters. The balance of the funds at June 30, 2023 and 2022 was as follows:

	<u>2023</u>		<u>2022</u>	
	Funds Held by Community Foundations	Donated by third parties (disclosure only)	Funds Held by Community Foundations	Donated by third parties (disclosure only)
OCCF	\$ 21,843	\$ 30,685	\$ 20,942	\$ 29,209
CFO	157,340	15,820	152,439	15,327
	<u>\$ 179,183</u>	<u>\$ 46,505</u>	<u>\$ 173,381</u>	<u>\$ 44,536</u>

6. FAIR VALUE MEASUREMENTS

The following methods and assumptions used to estimate the fair value of financial instruments in the financial statements, including a description of the methodologies used for the classifications within the fair value hierarchy, are as follows:

Funds held by community foundations – The fair value of CASA’s funds held by community foundations is based on the fair value as reported by the Community Foundations. These are considered to be Level 3 assets.

Assets measured at fair value on a recurring basis are classified within the fair value hierarchy at June 30, 2023 and 2022 as follows:

		As of June 30, 2023				
		Carrying Value	Total Fair Value	Fair Value Measurements		
				Level 1	Level 2	Level 3
ASSETS						
	Funds held by community foundations	\$ 179,183	\$ 179,183	\$ -	\$ -	\$ 179,183
		As of June 30, 2022				
		Carrying Value	Total Fair Value	Fair Value Measurements		
				Level 1	Level 2	Level 3
ASSETS						
	Funds held by community foundations	\$ 173,381	\$ 173,381	\$ -	\$ -	\$ 173,381

7. BOARD DESIGNATED ENDOWMENT FUNDS

The board of directors has designated funds held by community foundations as endowments to support the operations of CASA. Since the endowments resulted from an internal designation and are not donor-restricted, they are classified as net assets without donor restriction. Composition of and changes in unrestricted endowment net assets for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Endowment net assets, beginning of year	\$ 173,381	\$ 205,586
Investment return	15,735	(22,343)
Contributions	-	-
Appropriation of endowment assets for expenditure	(9,933)	(9,862)
Endowment net assets, end of year	\$ 179,183	\$ 173,381

8. LEASES – ASC 842

The Organization adopted ASU 2016-02 (ASC 842) as of July 1, 2022. The Organization has a finance lease for equipment. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. The lease has a remaining term of 3 years.

As the lease does not provide an implicit rate, the Organization uses the risk-free borrowing rate as determined by the federal reserve based on the information available at the commencement date in determining the present value of lease payments.

The components of lease expense for the year ended June 30, 2023 were as follows:

Finance lease cost:	
Amortization of right-of-use assets	\$ 10,127
Interest on lease liabilities	2,184
Total lease cost	<u>\$ 12,311</u>

Supplemental cash flow information related to leases for the year ended June 30, 2023 was as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Finance Lease - Operating Cash Flows	\$ 2,184
Finance Lease - Financing Cash Flows	9,007
Right-of-use assets obtained in exchange for lease obligations:	
Finance leases	\$ 44,727

Supplemental information related to leases for the year ended June 30, 2023 was as follows:

Weighted Average Remaining Lease Term	
Finance leases	3 Years
Weighted Average Discount Rate	
Finance leases	5.50%

Maturities of lease liabilities as of June 30, 2023 were as follows:

Years ending June 30:	Finance Leases
2024	\$ 11,191
2025	11,191
2026	11,191
2027	<u>5,597</u>
Total lease payments	39,170
Less imputed interest	(3,450)
Total	<u><u>\$ 35,720</u></u>

9. BUILDING LEASE

CASA entered into an occupancy agreement with a donor who has purchased a building for CASA's use. The donor has agreed to cover repairs, maintenance, and other expenses associated with building ownership for the first term of three years commencing with CASA's occupancy of the building which was November 1, 2019. Effective October 1, 2022, the Organization entered into a commercial office lease agreement superseding the occupancy agreement which has an initial term of five years and can be extended for an additional five years with annual rent of \$100. Under the new lease agreement, CASA is now responsible for various operating expenses. At any point during the lease, the donor has agreed to transfer ownership of the building to CASA contingent upon a majority vote of CASA's board of directors. As of June 30, 2023, management estimates that the board of directors will vote to accept ownership of the building in October 2023. As such, only the value of donated in-kind rent through October 2023 has been recognized in the accompanying financial statements as contribution income. Upon receipt of the building, the then fair market value of the building will be recognized as contribution income. Utilization of the building is amortized as occupancy expense in the statements of functional expenses.

10. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Management's reporting of expenses on a functional basis starts with recording expenses directly associated with functions to their functions. All expenses recorded to the management and general function are then allocated based on revenue sources associated with each function. As a result, all expense categories in the statement of functional expenses include an allocation of management and general expenses.

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