

CASA OF OKLAHOMA COUNTY, INC.

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

**HSPG
&
ASSOCIATES**

ACCOUNTING | TAX | ADVISORY

CASA OF OKLAHOMA COUNTY, INC.
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June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

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, 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 of America; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 entity'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 entity'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 of Oklahoma County, 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 of America.

HSPG & Associates, P.C.

October 25, 2021

HSPG & ASSOCIATES, PC

5400 N Grand Blvd, Suite 330 • Oklahoma City, Oklahoma 73112 • Phone: 405.844.9995 • Fax: 405.844.9975

CASA OF OKLAHOMA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 816,013	\$ 782,390
Grants receivable	132,898	148,925
Prepaid expenses and other assets	12,353	25,321
Total current assets	<u>961,264</u>	<u>956,636</u>
PROPERTY AND EQUIPMENT		
Building lease	176,000	308,000
Furniture and equipment	251,585	251,585
Leasehold improvements	89,503	89,503
	<u>517,088</u>	<u>649,088</u>
Less accumulated depreciation	122,511	66,580
	<u>394,577</u>	<u>582,508</u>
FUNDS HELD BY COMMUNITY FOUNDATIONS	<u>205,586</u>	<u>169,096</u>
TOTAL ASSETS	<u><u>\$ 1,561,427</u></u>	<u><u>\$ 1,708,240</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 5,219	\$ 5,202
Accrued compensated absences	12,459	17,967
Accrued expenses	-	380
Paycheck protection program forgivable loan	-	180,100
Total current liabilities	<u>17,678</u>	<u>203,649</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	265,038	107,995
Board designated operating reserve	800,000	800,000
Board designated endowment	205,586	169,096
Total net assets without donor restrictions	<u>1,270,624</u>	<u>1,077,091</u>
With donor restrictions	<u>273,125</u>	<u>427,500</u>
TOTAL NET ASSETS	<u>1,543,749</u>	<u>1,504,591</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,561,427</u></u>	<u><u>\$ 1,708,240</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, 2021 (with comparative totals for June 30, 2020)**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Contributions	\$ 379,939	\$ -	\$ 379,939	\$ 734,585
Grants and contracts	463,709	97,125	560,834	538,911
Paycheck protection program loan forgiveness	360,234	-	360,234	-
Special events	48,661	-	48,661	14,500
Investment income	43,750	-	43,750	16,423
In-kind donations:				
Volunteer services	177,500	-	177,500	246,731
Building leases	3,754	-	3,754	426,312
Net assets released from restrictions	251,500	(251,500)	-	-
Total revenues and support	<u>1,729,047</u>	<u>(154,375)</u>	<u>1,574,672</u>	<u>1,977,462</u>
EXPENSES				
Program	1,223,393	-	1,223,393	1,274,226
Management and general	164,836	-	164,836	341,775
Cost of direct benefit to donors	2,413	-	2,413	2,384
Fundraising	144,872	-	144,872	209,536
Total expenses	<u>1,535,514</u>	<u>-</u>	<u>1,535,514</u>	<u>1,827,921</u>
CHANGE IN NET ASSETS	193,533	(154,375)	39,158	149,541
NET ASSETS AT BEGINNING OF YEAR	1,077,091	427,500	1,504,591	1,355,050
NET ASSETS AT END OF YEAR	<u>\$ 1,270,624</u>	<u>\$ 273,125</u>	<u>\$ 1,543,749</u>	<u>\$ 1,504,591</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 734,585	\$ -	\$ 734,585
Grants and contracts	433,911	105,000	538,911
Special events	-	14,500	14,500
Investment income	16,423	-	16,423
In-kind donations			
Volunteer services	246,731	-	246,731
Building leases	30,312	396,000	426,312
Net assets released from restrictions	278,000	(278,000)	-
Total revenues and support	<u>1,739,962</u>	<u>237,500</u>	<u>1,977,462</u>
EXPENSES			
Program	1,274,226	-	1,274,226
Management and general	341,775	-	341,775
Cost of direct benefit to donors	2,384	-	2,384
Fundraising	209,536	-	209,536
Total expenses	<u>1,827,921</u>	<u>-</u>	<u>1,827,921</u>
CHANGE IN NET ASSETS	(87,959)	237,500	149,541
NET ASSETS AT BEGINNING OF YEAR	1,165,050	190,000	1,355,050
NET ASSETS AT END OF YEAR	<u>\$ 1,077,091</u>	<u>\$ 427,500</u>	<u>\$ 1,504,591</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, 2021 (with comparative totals for June 30, 2020)

	2021				2020	
	Program Services	Management and General	Costs of Direct Benefits to Donors	Fundraising	Total	Total
Salaries	\$ 663,854	\$ 38,551	\$ -	\$ 88,220	\$ 790,625	\$ 989,092
Employee benefits	71,546	13,243	-	9,932	94,721	112,903
Payroll taxes	51,017	3,470	-	7,351	61,838	77,320
Advertising and marketing	3,264	732	-	444	4,440	8,527
Awards and events	1,699	381	-	1,548	3,628	4,147
Bad debt expense	993	223	-	135	1,351	1,300
Conference and meetings	12,929	2,122	-	1,286	16,337	16,360
Interest expense	-	-	-	-	-	380
Depreciation expense	41,061	9,208	-	5,662	55,931	34,874
Dues and subscriptions	5,581	1,252	-	758	7,591	5,557
Occupancy	100,803	21,764	-	13,187	135,754	118,312
Office expense	48,010	10,756	-	7,294	66,060	62,647
Information technology	83	19	-	3,597	3,699	11,735
Insurance	14,837	3,327	-	2,016	20,180	15,200
Professional fees	17,976	57,043	-	2,010	77,029	105,492
Payments to affiliates	10,431	2,339	-	1,417	14,187	10,638
Travel	109	25	-	15	149	2,066
Special events	1,700	381	2,413	-	4,494	4,640
Volunteer hours	177,500	-	-	-	177,500	246,731
Total	\$ 1,223,393	\$ 164,836	\$ 2,413	\$ 144,872	\$ 1,535,514	\$ 1,827,921

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, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Costs of Direct Benefits to Donors</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 692,296	\$ 166,396	\$ -	\$ 130,400	\$ 989,092
Employee benefits	64,342	39,003	-	9,558	112,903
Payroll taxes	54,177	12,912	-	10,231	77,320
Advertising and marketing	6,040	1,624	-	863	8,527
Awards and events	2,196	1,594	-	357	4,147
Bad debt expense	-	-	-	1,300	1,300
Conference and meetings	12,422	3,218	-	720	16,360
Interest expense	201	146	-	33	380
Depreciation expense	18,423	13,374	-	3,077	34,874
Dues and subscriptions	2,943	2,136	-	478	5,557
Occupancy	76,910	33,828	-	7,574	118,312
Office expense	31,896	23,126	-	7,625	62,647
Information technology	4,315	3,132	-	4,288	11,735
Insurance	8,049	5,843	-	1,308	15,200
Professional fees	45,252	29,610	-	30,630	105,492
Payments to affiliates	5,633	4,089	-	916	10,638
Travel	1,093	795	-	178	2,066
Special events	1,307	949	2,384	-	4,640
Volunteer hours	246,731	-	-	-	246,731
Total	<u>\$ 1,274,226</u>	<u>\$ 341,775</u>	<u>\$ 2,384</u>	<u>\$ 209,536</u>	<u>\$ 1,827,921</u>

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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 39,158	\$ 149,541
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Building lease	132,000	(308,000)
Depreciation	55,931	34,874
Change in funds held by community foundations	(44,842)	(3,714)
Paycheck Protection Program loan forgiveness	(360,234)	-
Change in operating assets and liabilities:		
Grants receivable	16,027	(6,363)
Prepaid expenses and other assets	12,968	(13,509)
Accounts payable	17	(10,859)
Accrued compensated absences	(5,508)	3,663
Accrued expenses	(380)	380
Net cash used in operating activities	<u>(154,863)</u>	<u>(153,987)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(302,468)
Proceeds from funds held by community foundations	8,352	9,279
Proceeds from maturity of certificates of deposit	-	154,445
Net cash provided by (used in) investing activities	<u>8,352</u>	<u>(138,744)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program forgivable loan	180,134	180,100
Net cash provided by financing activities	<u>180,134</u>	<u>180,100</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	33,623	(112,631)
CASH AND CASH EQUIVALENTS, Beginning of year	782,390	895,021
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 816,013</u>	<u>\$ 782,390</u>

See accompanying notes to financial statements.

CASA OF OKLAHOMA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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.

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 7,477 and 10,751 hours of service valued at \$177,500 and \$246,731 based on volunteer hourly rates approved by the granting source, for 2021 and 2020, 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.

Certificates of deposit – Certificates of deposit are recorded at cost plus accrued interest.

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, 2021 and 2020, 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 2018.

Subsequent events – CASA has evaluated subsequent events through October 25, 2021, the date the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the financial statements.

Recent accounting pronouncements – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02 *Leases (Topic 842)*. The purpose of the guidance is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position as well as providing additional disclosure requirements related to leasing arrangements. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2021, though early adoption is permitted.

In September 2020, the FASB issued ASU No. 2020-7 *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* which increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit (“NFP”) organizations including transparency on how those assets are used and how they are valued. The ASU requires an NFP to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires an NFP to disclose certain information related to the types of contributed nonfinancial assets received, whether they were utilized or monetized, the NFP’s policy, if any, about monetizing rather than utilizing such assets, and valuation techniques used to determine the valuation of such contributed assets. The amendments for this ASU are to be applied retrospectively and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted.

Management is currently evaluating the impact that adopting the above recent accounting pronouncements will have on CASA’s financial statements in future reporting periods.

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:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 816,013	\$ 782,390
Grants receivable	132,898	148,925
Distributions from funds held by community foundations	<u>10,154</u>	<u>8,983</u>
Total financial assets	959,065	940,298
Less:		
Board designated assets - operating reserve	(800,000)	(800,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 159,065</u>	<u>\$ 140,298</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. Board designated funds are set aside for operational reserve and program expansion to enhance long-term organizational growth. This reserve amount is reviewed and approved by the board of directors on an annual basis.

3. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes:		
Building lease	\$ 176,000	\$ 308,000
Subject to the passage of time:		
Time restricted for subsequent period	<u>97,125</u>	<u>119,500</u>
Total net assets with donor restrictions	<u>\$ 273,125</u>	<u>\$ 427,500</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, 2021 and 2020 was \$19,791 and \$20,341, 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, 2021 and 2020 was as follows:

	2021		2020	
	Funds Held by Community Foundations	Donated by third parties (disclosure only)	Funds Held by Community Foundations	Donated by third parties (disclosure only)
OCCF	\$ 26,443	\$ 36,603	\$ 21,834	\$ 30,076
CFO	179,143	18,010	147,262	14,802
	<u>\$ 205,586</u>	<u>\$ 54,613</u>	<u>\$ 169,096</u>	<u>\$ 44,878</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, 2021 and 2020 as follows:

		As of June 30, 2021				
		Carrying Value	Total Fair Value	Fair Value Measurements		
				Level 1	Level 2	Level 3
ASSETS						
Funds held by						
	community foundations	<u>\$ 205,586</u>	<u>\$ 205,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,586</u>
		As of June 30, 2020				
		Carrying Value	Total Fair Value	Fair Value Measurements		
				Level 1	Level 2	Level 3
ASSETS						
Funds held by						
	community foundations	<u>\$ 169,096</u>	<u>\$ 169,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,096</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2021 and 2020.

	2021	2020
Balance at beginning of year	\$ 169,096	\$ 174,661
Purchases / contributions of investments	-	-
Investment return, net	44,842	3,714
Distributions	(8,352)	(9,279)
Balance at end of year	<u>\$ 205,586</u>	<u>\$ 169,096</u>

The summary of changes in fair value of Level 3 assets has been prepared to reflect the activity in the same categories as those provided by the Community Foundations. Net investment performance includes realized and unrealized gains (losses) on investments, investment income, and administrative fees and is included in investment income in the accompanying statements of activities. Typically, distributions decrease CASA’s respective financial asset and increase cash at the time of distribution.

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, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 169,096	\$ 174,661
Investment return	44,842	3,714
Contributions	-	-
Appropriation of endowment assets for expenditure	<u>(8,352)</u>	<u>(9,279)</u>
Endowment net assets, end of year	<u>\$ 205,586</u>	<u>\$ 169,096</u>

8. OPERATING LEASE

CASA entered into an office equipment lease agreement on November 30, 2017 for which rental expense for the years ended June 30, 2021 and 2020 totaled \$13,850 and \$13,827, respectively. Future minimum lease payments as of June 30, 2021 are as follows:

2022	\$ 9,600
2023	<u>4,000</u>
	<u>\$ 13,600</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. During the second term CASA will begin taking on more of the expenses until they assume 100% of operating expenses. At the end of the second term 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, 2021, various contingencies exist related to CASA's use of this building beyond the first term. As such, only the value of donated in-kind rent for the first term has been recognized as of June 30, 2021 which is amortized as occupancy expense in the statements of functional expenses over the first term of the occupancy agreement.

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.

11. COVID-19

In March 2020, the pandemic outbreak of a novel coronavirus known as COVID-19 began to spread throughout the United States, resulting in emergency declarations by national, state and local governments and municipalities. As a result, many industries are experiencing disruption to business operations. While disruptions are expected to be temporary, there is uncertainty surrounding the duration. CASA acknowledges the spread of COVID-19 could potentially negatively impact its operations and financial statements; however, any related financial impact cannot be reasonably estimated at this time.

12. PAYCHECK PROTECTION PROGRAM FORGIVABLE LOANS

In April 2020, CASA applied for and received their first forgivable loan from the federal government as part of the Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of \$180,100 bearing annual interest of 1.00%. Forgiveness of the principal and interest of this loan was received by CASA from the SBA in December 2020. As a result, the proceeds of this loan have been recognized as income in the accompanying statement of activities.

In January 2021, CASA applied for and received their second PPP forgivable loan in the amount of \$180,134 bearing annual interest of 1.00%. Principal and interest of this loan can be fully forgiven based on CASA incurring qualifying expenses during the defined Covered Period as well as meeting other criteria related to employee retention. CASA believes they have incurred qualifying expenses and met additional criteria required for full forgiveness of this loan as of June 30, 2021. As such, CASA has recognized this loan as government assistance revenue in the accompanying financial statements. In the event it is subsequently determined that CASA did not qualify for complete forgiveness, repayment of the non-forgiven portion of the loan will commence with principal and interest payments over the required five-year period.

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