

**CASA OF OKLAHOMA COUNTY, INC.**

**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEARS ENDED  
JUNE 30, 2022 AND 2021**

**TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**HSPG  
&  
ASSOCIATES**

ACCOUNTING | TAX | ADVISORY

**CASA OF OKLAHOMA COUNTY, INC.**

**Table of Contents  
June 30, 2022 and 2021**

**AUDITED FINANCIAL STATEMENTS**

Independent Auditor’s Report..... 1

Financial Statements:

Statements of Financial Position..... 3  
Statements of Activities .....4-5  
Statements of Functional Expenses.....6-7  
Statements of Cash Flows ..... 8  
Notes to Financial Statements.....9-15



## 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, 2022 and 2021, 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, 2022 and 2021, 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.

### **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 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

HSPG & ASSOCIATES, PC

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misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 7, 2022

**CASA OF OKLAHOMA COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 838,385	\$ 816,013
Grants receivable	168,879	132,898
Prepaid expenses and other assets	20,007	12,353
Total current assets	<u>1,027,271</u>	<u>961,264</u>
<b>PROPERTY AND EQUIPMENT</b>		
Building lease	44,000	176,000
Furniture and equipment	247,051	251,585
Leasehold improvements	75,000	89,503
	<u>366,051</u>	<u>517,088</u>
Less accumulated depreciation	151,428	122,511
	<u>214,623</u>	<u>394,577</u>
<b>FUNDS HELD BY COMMUNITY FOUNDATIONS</b>	<u>173,381</u>	<u>205,586</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,415,275</u>	<u>\$ 1,561,427</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 15,589	\$ 5,219
Accrued compensated absences	13,620	12,459
Total current liabilities	<u>29,209</u>	<u>17,678</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	1,007,810	265,038
Board designated operating reserve	-	800,000
Board designated endowment	173,381	205,586
Total net assets without donor restrictions	<u>1,181,191</u>	<u>1,270,624</u>
With donor restrictions	<u>204,875</u>	<u>273,125</u>
<b>TOTAL NET ASSETS</b>	1,386,066	1,543,749
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,415,275</u>	<u>\$ 1,561,427</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 (with comparative totals for June 30, 2021)**

	<b>2022</b>			<b>2021</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>REVENUES AND SUPPORT</b>				
Contributions	\$ 614,271	\$ 60,652	\$ 674,923	\$ 379,939
Grants and contracts	401,720	100,223	501,943	560,834
Paycheck protection program loan forgiveness	-	-	-	360,234
Special events	116,898	-	116,898	48,661
Investment income	(14,319)	-	(14,319)	43,750
In-kind donations:				
Volunteer services	194,506	-	194,506	177,500
Building leases	3,754	-	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>	<u>1,574,672</u>
<b>EXPENSES</b>				
Program	1,308,899	-	1,308,899	1,223,393
Management and general	137,639	-	137,639	164,836
Cost of direct benefit to donors	22,066	-	22,066	2,413
Fundraising	166,784	-	166,784	144,872
Total expenses	<u>1,635,388</u>	<u>-</u>	<u>1,635,388</u>	<u>1,535,514</u>
<b>CHANGE IN NET ASSETS</b>	(89,433)	(68,250)	(157,683)	39,158
<b>NET ASSETS AT BEGINNING OF YEAR</b>	1,270,624	273,125	1,543,749	1,504,591
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,181,191</u>	<u>\$ 204,875</u>	<u>\$ 1,386,066</u>	<u>\$ 1,543,749</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**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 379,939	\$ -	\$ 379,939
Grants and contracts	463,709	97,125	560,834
Paycheck protection program loan forgiveness	360,234	-	360,234
Special events	48,661	-	48,661
Investment income	43,750	-	43,750
In-kind donations			
Volunteer services	177,500	-	177,500
Building leases	3,754	-	3,754
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>
<b>EXPENSES</b>			
Program	1,223,393	-	1,223,393
Management and general	164,836	-	164,836
Cost of direct benefit to donors	2,413	-	2,413
Fundraising	144,872	-	144,872
Total expenses	<u>1,535,514</u>	<u>-</u>	<u>1,535,514</u>
<b>CHANGE IN NET ASSETS</b>	193,533	(154,375)	39,158
<b>NET ASSETS AT BEGINNING OF YEAR</b>	1,077,091	427,500	1,504,591
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,270,624</u>	<u>\$ 273,125</u>	<u>\$ 1,543,749</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 (with comparative totals for June 30, 2021)**

	2022					2021
	Program Services	Management and General	Costs of Direct Benefits to Donors	Fundraising	Total	Total
Salaries	\$ 653,221	\$ 73,145	\$ -	\$ 98,480	\$ 824,846	\$ 790,625
Employee benefits	111,458	2,020	-	13,674	127,152	94,721
Payroll taxes	51,583	231	-	9,251	61,065	61,838
Advertising and marketing	5,047	68	-	414	5,529	4,440
Awards and events	2,599	58	-	355	3,012	3,628
Bad debt expense	1,869	-	-	4,400	6,269	1,351
Conference and meetings	2,363	53	-	451	2,867	16,337
Depreciation expense	47,047	1,049	-	6,509	54,605	55,931
Dues and subscriptions	8,987	200	-	1,228	10,415	7,591
Occupancy	120,617	2,125	-	13,012	135,754	135,754
Office expense	56,897	1,439	-	10,240	68,576	66,060
Information technology	1,478	30	-	2,574	4,082	3,699
Insurance	13,699	306	-	1,871	15,876	20,180
Professional fees	23,980	56,613	-	2,620	83,213	77,029
Payments to affiliates	12,481	278	-	1,705	14,464	14,187
Travel	-	-	-	-	-	149
Special events	1,067	24	22,066	-	23,157	4,494
Volunteer hours	194,506	-	-	-	194,506	177,500
<b>Total</b>	<b>\$ 1,308,899</b>	<b>\$ 137,639</b>	<b>\$ 22,066</b>	<b>\$ 166,784</b>	<b>\$ 1,635,388</b>	<b>\$ 1,535,514</b>

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**

	<b>Program Services</b>	<b>Management and General</b>	<b>Costs of Direct Benefits to Donors</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 663,854	\$ 38,551	\$ -	\$ 88,220	\$ 790,625
Employee benefits	71,546	13,243	-	9,932	94,721
Payroll taxes	51,017	3,470	-	7,351	61,838
Advertising and marketing	3,264	732	-	444	4,440
Awards and events	1,699	381	-	1,548	3,628
Bad debt expense	993	223	-	135	1,351
Conference and meetings	12,929	2,122	-	1,286	16,337
Depreciation expense	41,061	9,208	-	5,662	55,931
Dues and subscriptions	5,581	1,252	-	758	7,591
Occupancy	100,803	21,764	-	13,187	135,754
Office expense	48,010	10,756	-	7,294	66,060
Information technology	83	19	-	3,597	3,699
Insurance	14,837	3,327	-	2,016	20,180
Professional fees	17,976	57,043	-	2,010	77,029
Payments to affiliates	10,431	2,339	-	1,417	14,187
Travel	109	25	-	15	149
Special events	1,700	381	2,413	-	4,494
Volunteer hours	177,500	-	-	-	177,500
Total	<u>\$ 1,223,393</u>	<u>\$ 164,836</u>	<u>\$ 2,413</u>	<u>\$ 144,872</u>	<u>\$ 1,535,514</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, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (157,683)	\$ 39,158
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Building lease	132,000	132,000
Depreciation	54,605	55,931
Change in funds held by community foundations	22,343	(44,842)
Paycheck Protection Program loan forgiveness	-	(360,234)
Change in operating assets and liabilities:		
Grants receivable	(35,981)	16,027
Prepaid expenses and other assets	(7,654)	12,968
Accounts payable	10,370	17
Accrued compensated absences	1,161	(5,508)
Accrued expenses	-	(380)
Net cash used in operating activities	<u>19,161</u>	<u>(154,863)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(6,651)	-
Proceeds from funds held by community foundations	9,862	8,352
Proceeds from maturity of certificates of deposit	-	-
Net cash provided by (used in) investing activities	<u>3,211</u>	<u>8,352</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from paycheck protection program forgivable loan	-	180,134
Net cash provided by financing activities	<u>-</u>	<u>180,134</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	22,372	33,623
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	816,013	782,390
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 838,385</u>	<u>\$ 816,013</u>

See accompanying notes to financial statements.

**CASA OF OKLAHOMA COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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**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 8,193 and 7,477 hours of service valued at \$194,506 and \$177,500 based on volunteer hourly rates approved by the granting source, for 2022 and 2021, 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, 2022 and 2021, 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 2019.

***Subsequent events*** – CASA has evaluated subsequent events through October 7, 2022, the date the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the financial statements.

***Change in accounting guidance*** – In September 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“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 Organization adopted this ASU for the year ended June 30, 2022, and retroactively applied this guidance to the financial statements as of and for the year ended June 30, 2022 included herein. Adoption of this guidance did not impact total net assets or change in net assets as reported as of and for the year ended June 30, 2021.

***Recent accounting pronouncements*** – In February 2016, the FASB issued 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. Management is currently evaluating the impact that adopting the above recent accounting pronouncement 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 838,385	\$ 816,013
Grants receivable	168,879	132,898
Distributions from funds held by community foundations	<u>8,317</u>	<u>10,154</u>
Total financial assets	1,015,581	959,065
Less:		
Board designated assets - operating reserve	-	(800,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,015,581</u>	<u>\$ 159,065</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 for operational reserve were released by the board during the year ended June 30, 2022.

## 3. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purposes:		
Building lease	\$ 44,000	\$ 176,000
Development director salary	60,652	-
Subject to the passage of time:		
Time restricted for subsequent period	<u>100,223</u>	<u>97,125</u>
Total net assets with donor restrictions	<u>\$ 204,875</u>	<u>\$ 273,125</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, 2022 and 2021 was \$16,862 and \$19,791, 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, 2022 and 2021 was as follows:

	2022		2021	
	Funds Held by Community Foundations	Donated by third parties (disclosure only)	Funds Held by Community Foundations	Donated by third parties (disclosure only)
OCCF	\$ 20,942	\$ 29,209	\$ 26,443	\$ 36,603
CFO	152,439	15,327	179,143	18,010
	<u>\$ 173,381</u>	<u>\$ 44,536</u>	<u>\$ 205,586</u>	<u>\$ 54,613</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, 2022 and 2021 as follows:

		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	<u>\$ 173,381</u>	<u>\$ 173,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,381</u>
		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>

## 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, 2022 and 2021 is as follows:

	2021	2021
Endowment net assets, beginning of year	\$ 205,586	\$ 169,096
Investment return	(22,343)	44,842
Contributions	-	-
Appropriation of endowment assets for expenditure	(9,862)	(8,352)
Endowment net assets, end of year	<u>\$ 173,381</u>	<u>\$ 205,586</u>



**8. OPERATING LEASE**

CASA entered into an office equipment lease agreement for which rental expense for the years ended June 30, 2022 and 2021 totaled \$7,936 and \$13,850, respectively. Future minimum lease payments as of June 30, 2022 are as follows:

<u>Fiscal Year</u>	
2023	\$ 10,303
2024	10,303
2025	10,303
2026	10,303
2027	<u>859</u>
	<u>\$ 42,069</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, 2022, 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, 2022 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.

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