

**Court Appointed Special Advocates
of Travis County**

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2022 and 2021

Court Appointed Special Advocates of Travis County

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Independent Auditors' Report

To the Board of Directors of
Court Appointed Special Advocates of Travis County:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Court Appointed Special Advocates of Travis County, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Court Appointed Special Advocates of Travis County as of December 31, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Court Appointed Special Advocates of Travis County 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 the 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 Court Appointed Special Advocates of Travis County's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 and *Government 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 and *Government 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 Court Appointed Special Advocates of Travis County'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 Court Appointed Special Advocates of Travis County'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.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2023 on our consideration of the Court Appointed Special Advocates of Travis County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court Appointed Special Advocates of Travis County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court Appointed Special Advocates of Travis County's internal control over financial reporting and compliance.

Blazek & Vetterling

May 23, 2023

Court Appointed Special Advocates of Travis County

Statements of Financial Position as of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 3,085,709	\$ 3,722,656
Contributions receivable:		
Government grants	416,611	385,712
Other	170,859	
Prepaid expenses and other assets	300,606	252,016
Investments (Note 4)	1,135,383	153,803
Operating right-of-use assets, net (Note 5)	761,440	
Property and equipment, net (Note 6)	<u>296,767</u>	<u>112,535</u>
TOTAL ASSETS	<u>\$ 6,167,375</u>	<u>\$ 4,626,722</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 59,225	\$ 57,210
Accrued benefits payable	83,704	81,708
Deferred special event revenue	123,953	111,165
Operating lease liabilities (Note 5)	<u>797,113</u>	
Total liabilities	<u>1,063,995</u>	<u>250,083</u>
Contingencies (Note 10)		
Net assets:		
Without donor restrictions (Notes 7 and 9)	4,960,804	4,222,992
With donor restrictions (Note 8)	<u>142,576</u>	<u>153,647</u>
Total net assets	<u>5,103,380</u>	<u>4,376,639</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,167,375</u>	<u>\$ 4,626,722</u>

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Statement of Activities for the year ended December 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants of financial assets <i>(Note 10)</i>		\$ 2,124,908	\$ 2,124,908
Foundation financial assets	\$ 1,387,053	495,000	1,882,053
Financial assets	1,670,318		1,670,318
Nonfinancial assets <i>(Note 11)</i>	49,320		49,320
Special events:			
Cash and other financial assets	1,743,507		1,743,507
Proceeds from contributed auction items <i>(Note 11)</i>	75,810		75,810
Direct donor benefit costs	(328,519)		(328,519)
Net investment return	<u>(34,685)</u>	<u> </u>	<u>(34,685)</u>
Total revenue	4,562,804	2,619,908	7,182,712
Net assets released from restrictions:			
Program expenditures	2,308,923	(2,308,923)	
Capital expenditures	<u>322,056</u>	<u>(322,056)</u>	<u> </u>
Total	<u>7,193,783</u>	<u>(11,071)</u>	<u>7,182,712</u>
EXPENSES:			
Program	5,102,050		5,102,050
Management and general	498,513		498,513
Fundraising	<u>813,763</u>		<u>813,763</u>
Total expenses	<u>6,414,326</u>		<u>6,414,326</u>
CHANGES IN NET ASSETS	779,457	(11,071)	768,386
Cumulative effect of new lease accounting standard <i>(Note 2)</i>	(41,645)		(41,645)
Net assets, beginning of year	<u>4,222,992</u>	<u>153,647</u>	<u>4,376,639</u>
Net assets, end of year	<u>\$ 4,960,804</u>	<u>\$ 142,576</u>	<u>\$ 5,103,380</u>

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Statement of Activities for the year ended December 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants of financial assets <i>(Note 10)</i>		\$ 2,304,781	\$ 2,304,781
Foundation financial assets	\$ 1,377,232	325,000	1,702,232
Financial assets	1,638,676		1,638,676
Nonfinancial assets <i>(Note 11)</i>	77,560		77,560
Special events:			
Cash and other financial assets	978,476		978,476
Proceeds from contributed auction items <i>(Note 11)</i>	52,589		52,589
Direct donor benefit costs	(196,394)		(196,394)
Net investment return	<u>25,169</u>		<u>25,169</u>
Total revenue	3,953,308	2,629,781	6,583,089
Net assets released from restrictions:			
Program expenditures	<u>2,623,204</u>	<u>(2,623,204)</u>	
Total	<u>6,576,512</u>	<u>6,577</u>	<u>6,583,089</u>
EXPENSES:			
Program	4,998,155		4,998,155
Management and general	404,679		404,679
Fundraising	<u>683,289</u>		<u>683,289</u>
Total expenses	<u>6,086,123</u>		<u>6,086,123</u>
CHANGES IN NET ASSETS	490,389	6,577	496,966
Net assets, beginning of year	<u>3,732,603</u>	<u>147,070</u>	<u>3,879,673</u>
Net assets, end of year	<u>\$ 4,222,992</u>	<u>\$ 153,647</u>	<u>\$ 4,376,639</u>

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Statement of Functional Expenses for the year ended December 31, 2022

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and benefits	\$ 4,095,378	\$ 404,513	\$ 561,640	\$ 5,061,531
Rent and utilities	296,390	24,129	37,228	357,747
Marketing	150,897		14,493	165,390
Computer supplies and support	134,298	10,933	16,869	162,100
Professional fees	32,520	43,964	78,633	155,117
Client assistance	94,632			94,632
Travel	87,026	21	969	88,016
Training	59,508	3,348	5,165	68,021
Bank and credit card fees		629	63,350	63,979
Insurance	43,927	3,576	5,518	53,021
Depreciation	31,809	1,241	1,915	34,965
Dues and subscriptions	22,012	1,792	2,765	26,569
Supplies	9,877	804	13,720	24,401
Printing and publications	13,843	1,127	6,362	21,332
Equipment rental and maintenance	9,252	753	1,162	11,167
Telephone	8,041	655	1,010	9,706
Postage and shipping	3,636	296	457	4,389
Other	<u>9,004</u>	<u>732</u>	<u>2,507</u>	<u>12,243</u>
Total expenses	<u>\$ 5,102,050</u>	<u>\$ 498,513</u>	<u>\$ 813,763</u>	6,414,326
Direct donor benefit costs				<u>328,519</u>
Total				<u>\$ 6,742,845</u>

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Statement of Functional Expenses for the year ended December 31, 2021

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and benefits	\$ 4,081,613	\$ 305,938	\$ 491,843	\$ 4,879,394
Rent and utilities	296,321	22,211	35,707	354,239
Marketing	177,260	8,616	20,953	206,829
Computer supplies and support	166,201	7,938	12,762	186,901
Professional fees	14,829	43,316	56,222	114,367
Client assistance	66,718			66,718
Travel	50,280	3,769	6,770	60,819
Training	16,346	480	771	17,597
Bank and credit card fees		2,134	14,920	17,054
Insurance	45,453	3,407	5,477	54,337
Depreciation	10,890	1,475	2,371	14,736
Dues and subscriptions	19,199	1,439	2,314	22,952
Supplies	4,152	292	10,575	15,019
Printing and publications	12,143	910	17,435	30,488
Equipment rental and maintenance	10,323	774	1,244	12,341
Telephone	8,804	660	1,061	10,525
Postage and shipping	5,587	419	673	6,679
Other	<u>12,036</u>	<u>901</u>	<u>2,191</u>	<u>15,128</u>
Total expenses	<u>\$ 4,998,155</u>	<u>\$ 404,679</u>	<u>\$ 683,289</u>	6,086,123
Direct donor benefit costs				<u>196,394</u>
Total				<u>\$ 6,282,517</u>

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Statements of Cash Flows for the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 768,386	\$ 496,966
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contributions restricted for capital	(250,000)	
Depreciation	34,965	14,736
Amortization of operating right-to-use assets	303,371	
Change in interest in pooled investments	23,463	(21,578)
Changes in operating assets and liabilities:		
Contributions receivable	(201,758)	44,878
Prepaid expenses and other assets	(48,590)	41,108
Accounts payable and accrued expenses	4,011	22,804
Deferred special event revenue	12,788	15,478
Operating lease liabilities	<u>(309,343)</u>	
Net cash provided by operating activities	<u>337,293</u>	<u>614,392</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,069)	(1,329)
Change in money market mutual funds	(1,003,974)	
Purchase of property and equipment	<u>(219,197)</u>	<u>(97,801)</u>
Net cash used by investing activities	<u>(1,224,240)</u>	<u>(99,130)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for capital	<u>250,000</u>	
NET CHANGE IN CASH	(636,947)	515,262
Cash, beginning of year	<u>3,722,656</u>	<u>3,207,394</u>
Cash, end of year	<u>\$ 3,085,709</u>	<u>\$ 3,722,656</u>
<i>Supplemental disclosure of cash flow information:</i>		
Proceeds from contributions of marketable securities included in operating activities	\$500,303	\$927,388

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Notes to Financial Statements for the years ended December 31, 2022 and 2021

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Court Appointed Special Advocates of Travis County (CASA), a Texas nonprofit corporation, was established in May 1985. CASA promotes and protects the best interest of children who have been abused or neglected, by training volunteers to advocate for them in courts, in schools and in the community to help them find safe, permanent and loving homes.

Federal income tax status – CASA is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash – CASA utilizes an Expanded Bank Deposit Sweep program whereby balances are held in multiple banks in increments of approximately \$250,000 for purposes of coverage under the Federal Deposit Insurance Corporation (FDIC) program. Participating banks reserve the right to require seven days' prior notice of withdrawal. However, bank deposits totaling approximately \$1,336,000 at December 31, 2022 are not covered by the Expanded Bank Deposit Sweep program and exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which promises are received. Amortization of discounts is included in contribution revenue. An allowance for uncollectable receivables is provided when it is believed balances may not be collected in full. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and donor by donor analysis of balances. At December 31, 2022, all contributions receivable are due within one year.

Investments are reported at fair value. Net investment return consists of interest, dividends, and pooled investment changes in fair value, net of external investment expenses.

Property and equipment is reported at cost, if purchased, or at fair value at the date of gift, if donated. Depreciation is calculated using the straight-line method over estimated useful lives of 3 to 7 years. CASA capitalizes additions and improvements that have a tangible future economic life and cost of more than \$2,000.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or used for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before CASA is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. A portion of CASA's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CASA has incurred expenditures in compliance with specific contract or grant provisions. CASA received cost-reimbursable conditional grants of approximately \$1,485,000 that have not been recognized at December 31, 2022 because services have not been provided, and qualifying expenditures have not been incurred. At December 31, 2022, CASA has a \$206,000 intent to give from a foundation that will be recognized in future years.

Contributed nonfinancial assets are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Special events revenue is recognized when the event occurs. Direct donor benefit costs provided at special events represent the cost of goods and services provided to the attendees of an event. Deferred special event revenue represents payments received for events scheduled to occur during the following fiscal year.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. All other allocable costs are allocated based on salary allocation.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – ADOPTION OF NEW ACCOUNTING STANDARDS

CASA adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. The ASU also requires expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases. CASA adopted the new standard effective January 1, 2022 using the modified retrospective method. Therefore, comparative information for fiscal year 2021 has not been restated and continues to be reported under Accounting Standards Codification (ASC) 840. A one-time cumulative effect adjustment of \$41,645 was made to beginning net assets for the year ended December 31, 2022.

CASA also adopted the amendments of ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2022. Adoption of this ASU expanded the presentation and disclosures related to contributions, but did not have an impact on net assets.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 3,085,709	\$ 3,722,656
Contributions receivable	587,470	385,712
Investments	<u>1,135,383</u>	<u>153,803</u>
Total financial assets	4,808,562	4,262,171
Less financial assets not available for general expenditure:		
Board-designated endowment investments	(131,409)	(153,803)
Board-designated operating reserve	(1,700,000)	(1,500,000)
Cash restricted for capital additions	<u> </u>	<u>(7,354)</u>
Total financial assets available for general expenditure	<u>\$ 2,977,153</u>	<u>\$ 2,601,014</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, CASA considers all expenditures related to its mission and ongoing activities of recruiting, screening, training and supervising volunteers to serve as court-appointed advocates, as well as all expenditures made toward functions that support those activities, to be general expenditures.

The Chief Executive Officer is authorized by the Board of Directors to access and withdraw funds from the reserve account necessary to meet emergency needs, including but not limited to, an operating shortfall affecting payroll, rent or other essential items due to timing of grant payments, unexpected or unavoidable losses in anticipated funding, or other emergencies.

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2022 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Money market mutual funds	\$ 1,003,974			\$ 1,003,974
Interest in pooled investments	<u> </u>	<u> </u>	\$ 131,409	<u>131,409</u>
Total assets measured at fair value	<u>\$ 1,003,974</u>	<u>\$ 0</u>	<u>\$ 131,409</u>	<u>\$ 1,135,383</u>

Assets measured at fair value at December 31, 2021 are CASA's investments of \$153,803 in interest in pooled investments, measured using Level 3 inputs.

Valuation methods used for assets measured at fair value are as follows:

- *Money market mutual funds* are valued at the reported net asset value of shares held.
- *Interest in pooled investments* – CASA holds an interest in pooled investments managed by Austin Community Foundation (ACF), which allows CASA to invest in a large portfolio of assets with many other investors. Such pooled investments are considered a Level 3 investment because pricing inputs are not observable. The interest in assets of ACF is valued at the fair value as provided by ACF, based on the fair value of the underlying investments.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while CASA believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Changes in the fair value of ACF assets consist of the following:

Balance at January 1, 2021	\$ 130,896
Purchases	1,329
Net appreciation in fair value of interest in assets of ACF	<u>21,578</u>
Balance at December 31, 2021	153,803
Purchases	1,069
Net depreciation in fair value of interest in assets of ACF	<u>(23,463)</u>
Balance at December 31, 2022	<u>\$ 131,409</u>

NOTE 5 – OPERATING LEASES

CASA leases office space and equipment under non-cancelable operating leases. Right-of-use assets are recognized at the present value of the lease payments at the inception of the lease adjusted, as appropriate, for certain other payments and allowances related to obtaining the lease and placing the asset in service. Operating lease right-of-use assets are amortized so that lease costs remain constant over the lease term.

During 2022, lease cost associated with operating leases was \$355,005. Lease costs recognized during 2021, prior to the adoption of the new accounting standard was \$345,521.

During the year ended December 31, 2022, cash paid for amounts included in the measurement of operating lease liabilities was \$360,986.

As of December 31, 2022, the weighted-average remaining lease term for all operating leases is 26 months. The weighted-average discount rate associated with operating leases as of December 31, 2022 is 1.07%.

Undiscounted cash flows related to operating leases as of December 31, 2022 are as follows:

2023	\$ 367,772
2024	374,558
2025	<u>63,557</u>
Total undiscounted cash flows	805,887
Less discount to present value	<u>(8,774)</u>
Total discount present value of lease liabilities	<u>\$ 797,113</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Furniture and fixtures	\$ 93,995	\$ 93,995
Computer equipment	38,456	19,604
Leasehold improvements	17,840	17,840
Software	314,060	15,916
Software development in progress	<u> </u>	<u>97,800</u>
Total property and equipment, at cost	464,351	245,155
Accumulated depreciation	<u>(167,584)</u>	<u>(132,620)</u>
Property and equipment, net	<u>\$ 296,767</u>	<u>\$ 112,535</u>

NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 2,832,628	\$ 2,456,654
Property and equipment, net	296,767	112,535
Board-designated endowment	131,409	153,803
Board-designated operating reserve	<u>1,700,000</u>	<u>1,500,000</u>
Total net assets without donor restrictions	<u>\$ 4,960,804</u>	<u>\$ 4,222,992</u>

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Teen advocacy and permanency project	\$ 79,141	\$ 26,179
Child Safety Specialist	19,583	
Advocacy program manager	18,852	23,884
Data management system		64,703
Child Advocacy Specialist		21,529
Technical equipment		10,000
Capital expenditures	<u> </u>	<u>7,352</u>
Total subject to expenditure for specified purpose	117,576	153,647
Subject to passage of time	<u>25,000</u>	<u> </u>
Total net assets with donor restrictions	<u>\$ 142,576</u>	<u>\$ 153,647</u>

NOTE 9 – ENDOWMENT FUNDS

CASA's endowment consists of a board-designated fund to support programs and is invested at ACF.

Return Objective and Risk Parameters

The current investment policy and investment objective of CASA is preservation of capital while maintaining an investment yield reasonable for the current environment. The investment pool is a diversified portfolio of fixed income, large cap, small cap and international and alternative strategy investment vehicles which are managed by investment managers. These assets are intended to maximize the investment yield at the lowest level of risk.

Spending Policy

The spending policy allows a maximum of up to 4% of the 20-quarter average of the endowment to be available for distribution.

Changes in endowment net assets are as follows:

	<u>BOARD- DESIGNATED ENDOWMENT</u>
Endowment net assets, January 1, 2021	\$ 130,896
Additions	1,329
Net investment return	<u>21,578</u>
Endowment net assets, December 31, 2021	153,803
Additions	1,069
Net investment return	<u>(23,463)</u>
Endowment net assets, December 31, 2022	<u>\$ 131,409</u>

NOTE 10 – GOVERNMENT GRANTS

Government grant contributions were recognized from the following sources:

	<u>2022</u>	<u>2021</u>
U. S. Department of Justice	\$ 951,306	\$ 1,400,742
Texas Health and Human Services Commission	630,725	602,251
U. S. Department of Treasury	282,493	
Travis County	113,638	113,461
City of Austin	60,463	44,334
Texas Office of the Attorney General	45,245	42,622
U. S. Department of Health and Human Services	13,292	83,188
Other	<u>27,746</u>	<u>18,183</u>
Total government grant contributions	<u>\$ 2,124,908</u>	<u>\$ 2,304,781</u>

CASA receives government grants that require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of noncompliance by CASA with the terms of the contracts. Management believes such disallowances, if any, would not be material to CASA's financial position or changes in net assets.

NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS

CASA received the following contributed nonfinancial assets for the year ended December 31:

	<u>2022</u>	<u>2021</u>
Auction items for special events	\$ 75,810	\$ 52,589
Marketing services	<u>49,320</u>	<u>77,560</u>
Total contributed nonfinancial assets	<u>\$ 125,130</u>	<u>\$ 130,149</u>

Contributed auction items are valued at the gross sale price received. Marketing costs are valued at the estimated fair value based on current rates for similar services.

NOTE 12 – RETIREMENT PLAN

Substantially all employees of CASA are covered by a Simplified Employee Pension defined contribution plan. Employees are eligible to participate in the plan after one year of service if they are at least 21 years of age. CASA contributes 5% of each eligible employee's salary. CASA contributed \$159,346 to the plan during 2022 and \$151,221 to the plan during 2021.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 23, 2023, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.