

CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2022 AND 2021



CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CASA of Los Angeles:

Opinion

We have audited the accompanying financial statements of CASA of Los Angeles, (the Organization) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and change in net assets, 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 of Los Angeles 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 the Organization 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 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 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 consolidated 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 consolidated 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.



Encino, California
September 25, 2023

CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 2,468,293	\$ 1,799,176
Investments	1,984,143	2,067,645
Pledges and grants receivable, current portion	28,500	174,509
Contracts receivable	178,686	154,739
Prepaid expenses and other current assets	64,959	38,873
Total current assets	4,724,581	4,234,942
Pledges and grants receivable, net of current portion	40,000	80,000
Property and equipment, net	496,078	543,125
Total assets	\$ 5,260,659	\$ 4,858,067
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 51,142	\$ 73,907
Accrued wages and benefits	429,169	422,303
Total liabilities	480,311	496,210
Net assets		
Net assets without donor restrictions		
Undesignated	2,079,483	2,155,344
Board Designated - operating reserves	1,001,857	331,634
Total net assets without donor restrictions	3,081,340	2,486,978
Net assets with donor restrictions		
Time and purpose	1,679,008	1,854,879
Perpetual in nature	20,000	20,000
Total net assets with donor restrictions	1,699,008	1,874,879
Total net assets	4,780,348	4,361,857
Total liabilities and net assets	\$ 5,260,659	\$ 4,858,067

See accompanying notes to financial statements.

CASA OF LOS ANGELES

(A NONPROFIT ORGANIZATION)

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Contributions and grants	\$ 3,122,781	\$ 1,310,504	\$ 4,433,285
Government contracts	849,600	-	849,600
Donated volunteer services	3,832,301	-	3,832,301
Donated rent and other	196,851	-	196,851
Gala event	\$ 809,153		
Less: direct benefits to donors	<u>(68,250)</u>	740,903	- 740,903
Other special events	<u>293,567</u>		
Less: direct benefits to donors	<u>(14,035)</u>	279,532	- 279,532
Other revenue	21,322	-	21,322
Investment income, net	867	-	867
Net assets released from restrictions	1,486,375	(1,486,375)	-
Total public support and revenue	10,530,532	(175,871)	10,354,661
Expenses			
Program services	8,386,992	-	8,386,992
Management and general	423,773	-	423,773
Fundraising	1,125,405	-	1,125,405
Total expenses	9,936,170	-	9,936,170
Changes in net assets	594,362	(175,871)	418,491
Net assets, beginning of year	2,486,978	1,874,879	4,361,857
Net assets, end of year	\$ 3,081,340	\$ 1,699,008	\$ 4,780,348

See accompanying notes to financial statements.

CASA OF LOS ANGELES

(A NONPROFIT ORGANIZATION)

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Contributions and grants	\$ 2,925,867	\$ 935,365	\$ 3,861,232
Government contracts	680,994	-	680,994
Donated volunteer services	2,977,213	-	2,977,213
Donated rent and other	227,066	-	227,066
Gala event	\$ 626,714		
Less: direct benefits to donors	<u>(46,700)</u>		
Other special events	273,357		
Less: direct benefits to donors	<u>(11,595)</u>		
Other revenue	38,168	-	38,168
Investment loss, net	(5,454)	-	(5,454)
Income from debt forgiveness - PPP loan	687,645	-	687,645
Net assets released from restrictions	940,093	(940,093)	-
Total public support and revenue	9,313,368	(4,728)	9,308,640
Expenses			
Program services	6,927,682	-	6,927,682
Management and general	372,440	-	372,440
Fundraising	946,317	-	946,317
Total expenses	8,246,439	-	8,246,439
Changes in net assets	1,066,929	(4,728)	1,062,201
Net assets, beginning of year	1,420,049	1,879,607	3,299,656
Net assets, end of year	\$ 2,486,978	\$ 1,874,879	\$ 4,361,857

See accompanying notes to financial statements.

CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 3,336,273	\$ 283,772	\$ 529,647	\$ 4,149,692
Payroll taxes and benefits	512,985	43,633	81,438	638,056
Total personnel costs	3,849,258	327,405	611,085	4,787,748
Advertising and marketing	50,617	7,265	121,130	179,012
Children support	86,447	-	-	86,447
Event expenses	34,029	-	219,523	253,552
In-kind goods and rent	162,250	10,185	24,416	196,851
In-kind volunteer advocates	3,832,301	-	-	3,832,301
Insurance	32,778	2,653	6,359	41,790
IT and telecommunications	191,820	15,524	37,216	244,560
Office expense	5,455	18,763	38,378	62,596
Miscellaneous other expenses	65,663	7,412	124,423	197,498
Professional services	12,472	29,394	12,762	54,628
Depreciation and amortization	63,902	5,172	12,398	81,472
Total other expenses	4,537,734	96,368	596,605	5,230,707
Total expenses by function	8,386,992	423,773	1,207,690	10,018,455
Less expenses included with revenues:				
Cost of direct benefits to donors	-	-	(82,285)	(82,285)
Total expenses	\$ 8,386,992	\$ 423,773	\$ 1,125,405	\$ 9,936,170

See accompanying notes to financial statements.

CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)
STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 2,823,185	\$ 224,073	\$ 573,686	\$ 3,620,944
Payroll taxes and benefits	420,615	33,384	85,471	539,470
Total personnel costs	3,243,800	257,457	659,157	4,160,414
Advertising and marketing	38,844	600	21,282	60,726
Children support	23,377	-	-	23,377
Event expenses	-	-	105,443	105,443
In-kind goods and rent	185,239	7,189	20,673	213,101
In-kind volunteer advocates	2,977,213	-	-	2,977,213
Insurance	28,580	1,550	4,456	34,586
IT and telecommunications	207,380	11,245	32,335	250,960
Office expense	17,885	590	39,155	57,630
Professional services	43,745	28,352	11,757	83,854
Miscellaneous other expenses	98,932	62,058	100,580	261,570
Depreciation and amortization	62,687	3,399	9,774	75,860
Total other expenses	3,683,882	114,983	345,455	4,144,320
Total expenses by function	6,927,682	372,440	1,004,612	8,304,734
Less expenses included with revenues:				
Cost of direct benefits to donors	-	-	(58,295)	(58,295)
Total expenses	\$ 6,927,682	\$ 372,440	\$ 946,317	\$ 8,246,439

See accompanying notes to financial statements.

CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 418,491	\$ 1,062,201
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	81,472	75,860
Net unrealized loss on investments	30,713	18,185
Realized loss on disposal of property and equipment	-	8,252
Income from debt forgiveness - PPP loan	-	(687,645)
Changes in operating assets and liabilities		
Pledges and grants receivable	186,009	(120,356)
Contracts receivable	(23,947)	(3,410)
Prepaid expenses and other current assets	(26,086)	62,393
Accounts payable and accrued expenses	(22,765)	1,336
Accrued wages and benefits	6,866	68,957
Net cash provided by operating activities	650,753	485,773
Cash flows from investing activities		
Acquisition of property and equipment	(34,425)	(87,548)
Purchase of investments	(1,698,300)	(2,086,535)
Proceeds from sales of investments	1,751,089	1,369,595
Net cash provided by (used in) investing activities	18,364	(804,488)
Net change in cash and cash equivalents	669,117	(318,715)
Cash and cash equivalents, beginning of year	1,799,176	2,117,891
Cash and cash equivalents, end of year	\$ 2,468,293	\$ 1,799,176

See accompanying notes to financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization CASA of Los Angeles (the “Organization”) recruits, trains, and supports community volunteers to advocate for children in the Los Angeles County (the “County”) child welfare system who have experienced abuse and neglect. The Organization envisions a system in which every child in foster care has an advocate and the opportunity to thrive.

The Organization was established in 1978 by the Los Angeles Superior Court to serve the largest child welfare system in the nation as one of the first in what would become a national network of over 900 local CASA organizations. Since losing court and county funding in 2010, the Organization has operated as an independent, private nonprofit organization funded by the community.

A Court Appointed Special Advocate (“CASA”) is a volunteer appointed by a dependency court judge to advocate for the best interests of a child in foster care. CASA volunteers assist judges by gathering information about the child to help them find a permanent home and to receive support with their mental health, physical health and education needs. The CASA communicates the child's best interests to the court and ensures that the County complies with court orders. In an ever-changing world of attorneys, social workers, teachers, therapists, doctors and foster parents, a CASA volunteer is often the one constant caring adult in the child's life. In 2009, a California Blue Ribbon Commission on Children in Foster Care recommended that every child in foster care be assigned a CASA.

For the year ended June 30, 2022, 1,158 CASA volunteers donated 107,800 hours of intense, one-on-one advocacy on behalf of 1,308 children in the child welfare system. For the year ended June 30, 2021, 1,110 CASA volunteers donated 88,581 hours of intense, one-on-one advocacy on behalf of 1,358 children in the child welfare system.

Basis of Accounting The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Classes of Net Assets *Net assets of the Organization and changes therein are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes have been classified and are reported as follows:*

Net Assets Without Donor Restrictions:

- **Undesignated** – the part of the net assets of the Organization that are not restricted by donor-imposed stipulations. The only limits on net assets without donor restrictions are broad limits resulting from the nature of the Organization and the purposes specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements.
- **Board Designated – Operating Reserves** - the part of the net assets of the Organization without donor restrictions that the board of directors (the Board) approved to be available for use at the discretion of the board of directors and/or management for general operating purposes.

Net Assets With Donor Restrictions Net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations. 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 will be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions.

Use of Estimates The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents For purposes of the statements of financial position and the statements of cash flows, the Organization considers all highly liquid unrestricted investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include donor-restricted cash of \$1,679,007 and \$1,854,978 as of June 30, 2022 and 2021, respectively, of which \$589,008 and \$504,879, respectively are maintained in segregated accounts, whose use by the Organization has been limited by donor to a specific time period or purpose.

Investments Investments held by the Organization include investments in fixed income securities and certificates of deposit with maturities exceeding 90 days. The investments are reflected in the accompanying statements of financial position based on data points that are observable such as quoted prices, interest rates and yield curves (all Level 1 measurements).

Net unrealized gain (loss) on investments is recorded in the statements of activities and change in net assets for changes in the difference between the recorded cost of the investment and the fair value of the investment at the financial statement date. Investment sales and purchases are recorded on the trade date, which results in receivables and payables on trades that have not yet settled at the financial statement date.

Investments in general are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Interest and dividend income are recorded when earned. Realized gains and losses are recorded on their respective trade dates. Realized gains and losses from the sale of investments are determined using the specific identification method. Investment income (loss) reflected in the accompanying statements of activities and change in net assets includes dividend and interest income, and realized and unrealized gains (loss), net of investment advisory fees.

Fair Value Measurements The Organization accounts for their financial instruments using fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable

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(A NONPROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

inputs. The fair value measurement hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset.

Property and Equipment Property and equipment are stated at cost, less accumulated depreciation and amortization. The Organization provides for depreciation and amortization of its property and equipment using the straight-line method over estimated useful lives of the related assets as follows:

Description	Life
Telephone and computer equipment	3-5 years
Furniture and fixtures	5-10 years
Leasehold improvements	20 years

The leasehold improvements noted above were installed by the Organization at one of the facilities under a month-to-month license agreement with the State of California during the year ended June 30, 2015. Although the State could legally require the Organization to vacate the facility at any time, management has elected to amortize the leasehold improvements over their useful lives.

The Organization capitalizes assets costing greater than \$5,000 that meet its capitalization criteria. Repairs and maintenance are expensed as incurred.

The Organization reviews its property and equipment for impairment whenever events or circumstances indicate that the carrying value of such property may not be recoverable. When evaluating recoverability, management considers future undiscounted cash flows estimated to be generated by the property, including any estimated proceeds from the eventual disposition. In the event these accumulated cash flows are less than the carrying amount of the property, the Organization recognizes an impairment loss equal to the excess of the carrying amount over the estimated fair value of the property. No impairment loss has been recognized during the years ended June 30, 2022 and 2021.

Public Support and Pledges Receivable The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Any funds received in advance of a condition being met are recorded as a liability.

Unconditional promises to give are recorded as receivables and contributions, distinguishing between contributions received for each net asset class in accordance with donor-imposed restrictions. An allowance for uncollectible pledges receivable is provided, based on management's judgment, including such factors as prior collection history, type of contribution, nature of fundraising activity and when time requirements are expected to be met. Management believes the remaining outstanding receivables as of June 30, 2022 and 2021 are collectible in full and, accordingly, no allowance for uncollectible receivables has been provided.

Contracts Receivable Revenue from cost-reimbursable government grants are conditioned upon certain performance requirements, match requirements, and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization performs the individual performance obligations. Any difference between the performance obligations completed and the total funds received (not to exceed the grant maximum) is recorded as a receivable or a liability, whichever is applicable.

Revenue from the grants is recognized on an accrual basis as earned according to the provisions of the grant. Provisions for potential disallowances and overruns are established when appropriate. No such provision has been recorded as of June 30, 2022 and 2021.

Contributed Goods and Services Contributed goods and services are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills, and would typically need to be purchased if not provided by donation. Materials and use-of-facilities contributions to the Organization are recognized and recorded at fair value as of the contribution date.

During the years ended June 30, 2022 and 2021, the Organization licensed two of its facilities from the City of Los Angeles, governed by month-to-month agreements at no cost and are dependent on the Organization providing services through its CASA program. Management has estimated that the fair value of this rent would have been \$170,976 and \$170,976, respectively, for the years ended June 30, 2022 and 2021 based on current comparable market rent data publicly available. These amounts have been reflected as in-kind contributions and facility expense in the accompanying statements of activities and change in net assets and functional expenses. The use of these facilities has been restricted for operation of the Organization's CASA programs by the governmental agency lessors. As contributed rent is generally received and utilized within the same fiscal year, all activity has been reflected as without donor restrictions in the accompanying financial statements.

In 2022, the Organization received NFL tickets and luggage, and in 2021, it received luggage, laptop computers, and tablets for the benefit of the children in its caseload. Management estimates the fair value of those donated goods to be \$10,750 and \$45,965 for the years ended June 30, 2022 and 2021, respectively.

The Organization typically receives gift cards that are used by and on behalf of the children in its caseload, for living or other related expenses. The face value of the cards received was \$15,125 and \$10,125 for the years ended June 30, 2022 and 2021, respectively.

The Organization's program services rely upon the extensive use of volunteers. These volunteers receive specialized initial training and must fulfill ongoing continuing education requirements. For the years ended June 30, 2022 and 2021, management estimates the fair value of those donated services to be \$3,832,301 and \$2,977,213 for volunteer advocates, respectively. The advocates and assistant volunteers' amounts have been calculated using the Independent Sector Volunteer Rate of \$35.56 and \$33.61 per hour for the year ended June 30, 2022 and 2021, respectively.

Gala and Other Special Events During the years ended June 30, 2022 and 2021, the Organization held a gala event and certain other smaller special events which generated revenue from sponsorships, ticket sales and donations, as well as through a silent and live auction. Special events

revenues are recognized when the event is held, unless otherwise restricted by donors. The contributions received for special events scheduled to occur after year-end are recorded as deferred revenues and recognized as revenues on the date of the event. The cost of direct benefit to donors are included in event expenses in the accompanying statements of functional expenses.

Advertising Advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2022 and 2021 totaled \$179,012 and \$60,726, respectively, and are included in the accompanying statements of functional expenses.

Functional Allocation of Expenses The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among programs and supporting services benefited. Allocations of significant costs, including compensation and related expenses, contractors, and professional and consultant fees, are based on estimates of time and effort and other reasonable methods. The allocation methodology is periodically reviewed by management for relevancy and accuracy.

The functional classifications are defined as follows:

- Program expenses consist of costs incurred in connection with providing services and conducting the Organization's program.
- Management and general expenses consist of costs incurred in connection with the overall activities, which are not allocable to another functional expense category.
- Fundraising expenses consist of costs incurred in connection with activities related to obtaining grants and activities designed to generate revenue.

Income Taxes The Organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and from state income tax under comparable provisions. However, income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. The Organization does not have any income, which it believes would subject it to unrelated business income taxes.

The Organization follows the provisions of the accounting topic for income taxes, which provides guidance for how uncertain income tax provisions should be recognized, measured, presented and disclosed in the financial statements. The Organization recognizes the effects of income tax positions only if those positions are more likely than not to be sustained in the future. There were no uncertain tax positions that would have a material effect on the financial statements. With few exceptions, the Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2018. There are no tax examinations currently pending.

Adoption of Accounting Principle Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2020-07). The ASU is intended to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including services, and includes additional disclosure requirements for recognized contributed services. The adoption of ASU 2020-07 did not have a material impact on the Organization's financial statements.

CASA OF LOS ANGELES
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2. LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30,	2022	2021
Financial assets at year-end		
Cash and cash equivalents	\$ 2,468,293	\$ 1,799,176
Investments	1,984,143	2,067,645
Pledges and grants receivable	28,500	174,509
Contracts receivable	178,686	154,739
Total financial assets	4,659,622	4,196,069
Less amounts not available to be used within one year:		
Donor-restricted funds not available for general expenditures	(1,057,350)	(1,217,378)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,602,272	\$ 2,978,691

The Organization receives significant 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. For the year ended June 30, 2022, cash with donor restrictions of \$439,008 and investments with donor restrictions of \$150,000 were included in the financial assets available to meet cash needs for general expenditures within one year. For the year ended June 30, 2021, cash with donor restrictions of \$362,501 and investments with donor restrictions of \$150,000 were included in the financial assets available to meet cash needs for general expenditures within one year.

The Organization manages its liquidity and reserves to operate within a prudent range of financial soundness and stability, hold adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Under its reserve policy, the Organization is working to accumulate several months' operating expense in a segregated bank account, funded from annual increases in net assets. As of June 30, 2022 and 2021, board designated operating reserves totaled \$1,001,857 and 331,634, respectively.

To further help manage unanticipated liquidity needs, the Organization has a committed line of credit with a total availability of \$250,000, which it may draw at any time and which remained available in full at June 30, 2022 (Note 5).

3. INVESTMENTS

The Organization's investment assets, which include publicly held investments, are dedicated to providing the financial resources needed to meet the Organization's operations, and other charitable objectives. Investments are reported at fair value using quoted prices in active markets (Level 1 inputs). The Organization's investments consist of the following:

As of June 30,	2022	2021
Corporate bonds	\$ 983,643	\$ 1,067,645
Certificates of deposit with maturity exceeding 90 days	1,000,500	1,000,000
Investments	\$ 1,984,143	\$ 2,067,645

CASA OF LOS ANGELES
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4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

As of June 30,	2022	2021
Telephone and computer equipment	\$ 355,944	\$ 321,519
Furniture and fixtures	188,392	188,392
Leasehold improvements	515,977	515,977
Total property and equipment	1,060,313	1,025,888
Less: accumulated depreciation and amortization	(564,235)	(482,763)
Property and equipment, net	\$ 496,078	\$ 543,125

5. LINE OF CREDIT

The Organization entered into a line of credit agreement with a financial institution with a borrowing limit of \$250,000 that accrues interest at an annual percentage rate of 6.75% and 4.50% as of June 30, 2022 and 2021, respectively, and which is secured by substantially all of the assets of the Organization. The line of credit has no set expiration date. As of June 30, 2022 and 2021, the Organization did not carry a balance on this line of credit.

6. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received loan proceeds in the amount of \$687,645 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, provides for loans to qualifying entities for amounts up to 2.5 times the average monthly payroll expenses of the qualifying entity. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the program.

The Organization accounts for the loan under the PPP as a financial liability in accordance with ASC 470, *Debt*. The Organization does not impute additional interest at a market rate even though the stated interest rate under the PPP may be below market. Transactions, where interest rates are prescribed by governmental agencies, are excluded from the scope of ASC 835-30, *Interest – Imputation of Interest*. In accordance with ASC 470, the proceeds from the PPP loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Organization has been legally released; or (2) the loan has been repaid.

The Organization did not provide any collateral or guarantees for the PPP Loan, nor did the Organization pay any facility charge to obtain the PPP Loan. The PPP Loan provided for customary events of default, including, among others, those relating to failure to make payment and breaches of representations. The Organization was allowed to prepay the principal of the PPP Loan at any time without incurring any prepayment charges.

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Under the CARES Act and the PPP Loan, loan forgiveness is available for the sum of documented payroll costs, covered rent payments, and covered utilities during the 24-week period beginning on the date of the first disbursement of the PPP Loan. For purposes of the CARES Act, payroll costs exclude cash compensation of an individual employee in excess of \$100,000, prorated annually. Not more than 40% of the forgiven amount could be attributable to non-payroll costs.

In April 2021, the PPP loan was wholly forgiven and the Organization was legally released of the liability. As a result, the Organization recognized the income from debt forgiveness in the amount of \$687,645 in the accompanying statements of activities and change in net assets during the year ended June 31, 2021.

7. NET ASSETS WITH DONOR RESTRICTIONS

	Available June 30, 2021	New Revenues, Net	Releases	Available June 30, 2022
Subject to expenditure for special purposes:				
3 to 3,000 Campaign	\$ -	\$ 200,000	\$ (200,000)	\$ -
Advocacy Staffing	150,000	-	(150,000)	-
Change Reaction Fund	-	8,290	(4,187)	4,103
Computer Equipment	30,000	-	(22,686)	7,314
Dillon's Special Needs Fund	17,378	1,000	(11,028)	7,350
Direct Child Support	75,000	-	(9,780)	65,220
Early Childhood Initiative	10,000	150,000	(147,597)	12,403
Educational Advocacy	20,000	40,000	(20,000)	40,000
Glamour Gowns & Suite up	-	50,448	(50,448)	-
Grant Volunteer Services	-	4,422	-	4,422
Juvenile Divergent Programs	-	100,000	(84,000)	16,000
Marketing	91,667	300,000	(76,971)	314,696
Mental Health	-	32,500	-	32,500
Online Training	16,667	-	(16,667)	-
Post-secondary	16,667	57,500	(74,167)	-
Scholarship Fund	-	21,344	(21,344)	-
Transition Age Youth	97,500	220,000	(317,500)	-
Volunteer Retention and Training	1,200,000	-	(150,000)	1,050,000
Subtotal	1,724,879	1,185,504	(1,356,375)	1,554,008
Subject to passage of time:				
For the period after June 30, 2022	130,000	125,000	(130,000)	125,000
In perpetuity:				
Endowment	20,000	-	-	20,000
Total net assets with donor restrictions	\$ 1,874,879	\$ 1,310,504	\$ (1,486,375)	\$ 1,699,008

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	Available June 30, 2020	New Revenues, Net	Releases	Available June 30, 2021
Subject to expenditure for special purposes:				
Advocacy Staffing	\$ -	\$ 225,000	\$ (75,000)	\$ 150,000
Computer Equipment	80,000	30,000	(80,000)	30,000
Dillon's Special Needs Fund	22,369	7,000	(11,991)	17,378
Direct Child Support	-	75,000	-	75,000
Early Childhood Initiative	30,000	10,000	(30,000)	10,000
Educational Advocacy	62,500	30,000	(72,500)	20,000
Marketing	-	100,000	(8,333)	91,667
Non-minor Dependents	6,253	-	(6,253)	-
Online Training	-	50,000	(33,333)	16,667
Post-secondary	-	55,000	(38,333)	16,667
Scholarship Fund	-	8,910	(8,910)	-
Transition Age Youth	137,654	195,000	(235,154)	97,500
Volunteer Programs	20,831	24,455	(45,286)	-
Volunteer Retention and Training	1,350,000	-	(150,000)	1,200,000
Youth Development	-	5,000	(5,000)	-
Subtotal	1,709,607	815,365	(800,093)	1,724,879
Subject to passage of time:				
For the period after June 30, 2021	150,000	120,000	(140,000)	130,000
In perpetuity:				
Endowment	20,000	-	-	20,000
Total net assets with donor restrictions	\$1,879,607	\$ 935,365	\$ (940,093)	\$1,874,879

8. ENDOWMENTS

The Organization has established an endowment fund to help the quality of its programs for children and families. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Laws and Accounting Guidance The Organization's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") adopted by the state of California as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the fund.

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The remaining portion of the donor-restricted endowment fund that is not classified as net assets with restrictions in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Organization
7. The Organization's investment policies

Return Objectives and Risk Parameters The endowment fund is intended to generate income to support operations. As of June 30, 2022 and 2021, endowment assets are invested in corporate fixed income securities that are intended to result in consistent rate of return that has sufficient liquidity to make an annual distribution of up to 4% of its three-year average market value of year-end endowment account balance, while growing funds if possible. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives The Organization may invest endowment assets in domestic and international equities, fixed income instruments of investment grade AA or higher, or high-yield instruments of grade BBB or higher.

Spending Policy and How Investment Objectives Relate to Spending Policy The annual allocation from the endowment to the operating budget shall be up to 4% of the three-year average market value of the year-end endowment account balance.

Endowment net asset composition by class as of June 30, 2022 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 20,000	\$ 20,000
Accumulated investment earnings	-	-	-
Total endowments	\$ -	\$ 20,000	\$ 20,000

Changes in endowment net assets for the fiscal year ended June 30, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	\$ -	\$ 20,000	\$ 20,000
Investment return	-	-	-
Contributions	-	-	-
Appropriations and expenditures	-	-	-
Endowment net assets, June 30, 2022	\$ -	\$ 20,000	\$ 20,000

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Endowment net asset composition by class as of June 30, 2021 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 20,000	\$ 20,000
Accumulated investment earnings	-	-	-
Total endowments	\$ -	\$ 20,000	\$ 20,000

Changes in endowment net assets for the fiscal year ended June 30, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	\$ -	\$ 20,000	\$ 20,000
Investment return	-	-	-
Contributions	-	-	-
Appropriations and expenditures	-	-	-
Endowment net assets, June 30, 2021	\$ -	\$ 20,000	\$ 20,000

9. EMPLOYEE RETIREMENT PLAN

Effective January 1, 2016, the Organization established a contributory retirement plan under Section 403(b) of the Internal Revenue Code. Generally, all full-time employees are eligible under the plan and may make voluntary contributions to the plan on a pre-tax or post-tax basis, up to the maximum allowed by law.

The retirement plan allows for a discretionary employer match. For the years ended June 30, 2022 and 2021, the Organization made a discretionary match equal to 50% of each employee's contribution, up to a maximum of 2% of employee compensation, beginning January 2, 2019. During the year ended June 30, 2022, no contributions were made by the Organization. During the year ended June 30, 2021, the Organization's contributions totaled \$5,115.

10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events that have occurred through the independent auditor's report date, which is the date these financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements.