

**Court Appointed Special Advocates  
of Travis County**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2019 and 2018

# 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 Financial Statements**

We have audited the accompanying financial statements of Court Appointed Special Advocates of Travis County, which comprise the statements of financial position as of December 31, 2019 and 2018 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.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Court Appointed Special Advocates of Travis County as of December 31, 2019 and 2018 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.

## Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2020 on our consideration of 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 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 Court Appointed Special Advocates of Travis County's internal control over financial reporting and compliance.

*Blazek & Vetterling*

May 26, 2020

## Court Appointed Special Advocates of Travis County

Statements of Financial Position as of December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents ( <i>Notes 4 and 5</i> )	\$ 1,979,020	\$ 1,821,289
Contributions receivable:		
Government grants	365,538	295,975
Other	23,167	359,833
Prepaid expenses and other assets	187,832	200,766
Interest in pooled investments ( <i>Note 5</i> )	117,981	99,597
Property and equipment, net ( <i>Note 6</i> )	<u>47,166</u>	<u>68,147</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,720,704</u></b>	<b><u>\$ 2,845,607</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 43,097	\$ 31,180
Accrued expenses	87,291	63,484
Deferred special event revenue	<u>201,238</u>	<u>133,255</u>
Total liabilities	<u>331,626</u>	<u>227,919</u>
Commitments and contingencies ( <i>Notes 10 and 11</i> )		
Net assets:		
Without donor restrictions ( <i>Note 7</i> )	2,290,414	2,279,264
With donor restrictions ( <i>Note 8</i> )	<u>98,664</u>	<u>338,424</u>
Total net assets	<u>2,389,078</u>	<u>2,617,688</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,720,704</u></b>	<b><u>\$ 2,845,607</u></b>

*See accompanying notes to financial statements.*

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## Court Appointed Special Advocates of Travis County

Statement of Activities for the year ended December 31, 2019

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grants ( <i>Note 10</i> )		\$ 2,031,571	\$ 2,031,571
Foundation grants	\$ 842,442	235,003	1,077,445
Other	871,102		871,102
Special events	1,422,905		1,422,905
Direct donor benefit costs	(242,855)		(242,855)
Net investment return	<u>37,051</u>	<u>          </u>	<u>37,051</u>
Total revenue	2,930,645	2,266,574	5,197,219
Net assets released from restrictions:			
Program expenditures	2,275,417	(2,275,417)	
Expiration of time restrictions	<u>230,917</u>	<u>(230,917)</u>	<u>          </u>
Total	<u>5,436,979</u>	<u>(239,760)</u>	<u>5,197,219</u>
EXPENSES:			
Program	4,265,702		4,265,702
Management and general	453,593		453,593
Fundraising	<u>706,534</u>	<u>          </u>	<u>706,534</u>
Total expenses	<u>5,425,829</u>	<u>          </u>	<u>5,425,829</u>
CHANGES IN NET ASSETS	11,150	(239,760)	(228,610)
Net assets, beginning of year	<u>2,279,264</u>	<u>338,424</u>	<u>2,617,688</u>
Net assets, end of year	<u>\$ 2,290,414</u>	<u>\$ 98,664</u>	<u>\$ 2,389,078</u>

*See accompanying notes to financial statements.*

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## Court Appointed Special Advocates of Travis County

Statement of Activities for the year ended December 31, 2018

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	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Contributions:			
Government grants <i>(Note 10)</i>		\$ 1,932,811	\$ 1,932,811
Foundation grants	\$ 625,960	261,500	887,460
Other	788,981		788,981
Special events	1,103,589		1,103,589
Direct donor benefit costs	(189,246)		(189,246)
Net investment return	(6,203)		(6,203)
Other income	<u>34,597</u>		<u>34,597</u>
Total revenue	2,357,678	2,194,311	4,551,989
Net assets released from restrictions:			
Program expenditures	2,094,153	(2,094,153)	
Expiration of time restrictions	<u>513,166</u>	<u>(513,166)</u>	
Total	<u>4,964,997</u>	<u>(413,008)</u>	<u>4,551,989</u>
EXPENSES:			
Program	3,948,544		3,948,544
Management and general	365,943		365,943
Fundraising	<u>620,577</u>		<u>620,577</u>
Total expenses	<u>4,935,064</u>		<u>4,935,064</u>
CHANGES IN NET ASSETS	29,933	(413,008)	(383,075)
Net assets, beginning of year	<u>2,249,331</u>	<u>751,432</u>	<u>3,000,763</u>
Net assets, end of year	<u>\$ 2,279,264</u>	<u>\$ 338,424</u>	<u>\$ 2,617,688</u>

*See accompanying notes to financial statements.*

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## Court Appointed Special Advocates of Travis County

Statement of Functional Expenses for the year ended December 31, 2019

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	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and benefits	\$ 3,379,945	\$ 345,699	\$ 534,601	\$ 4,260,245
Rent and utilities	276,560	28,284	43,743	348,587
Professional fees	113,291	55,374	1,470	170,135
Travel	132,813	1,398	8,812	143,023
Computer supplies and support	86,812	8,879	13,731	109,422
Marketing	75,296		6,450	81,746
Supplies	14,676	1,502	41,756	57,934
Training	41,282	950	1,469	43,701
Insurance	33,901	3,467	5,362	42,730
Client assistance	36,539			36,539
Printing and publications	9,915	2,479	10,247	22,641
Depreciation	16,646	1,702	2,633	20,981
Bank and credit card fees		457	18,718	19,175
Dues and subscriptions	13,351	929	4,072	18,352
Telephone	8,919	912	1,411	11,242
Postage and shipping	1,790	597	3,581	5,968
Equipment rental and maintenance	3,671	375	581	4,627
Small equipment	2,285	234	361	2,880
Other	<u>18,010</u>	<u>355</u>	<u>7,536</u>	<u>25,901</u>
Total expenses	<u>\$ 4,265,702</u>	<u>\$ 453,593</u>	<u>\$ 706,534</u>	5,425,829
Direct donor benefit costs				<u>242,855</u>
Total				<u>\$ 5,668,684</u>

*See accompanying notes to financial statements.*

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## Court Appointed Special Advocates of Travis County

Statement of Functional Expenses for the year ended December 31, 2018

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	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and benefits	\$ 3,199,600	\$ 284,761	\$ 470,646	\$ 3,955,007
Rent and utilities	235,449	20,955	34,633	291,037
Professional fees	62,630	28,386	33,402	124,418
Travel	107,250	189	7,210	114,649
Computer supplies and support	58,104	5,171	8,547	71,822
Marketing	34,656		8,453	43,109
Supplies	62,699	1,879	4,655	69,233
Training	23,068	1,121	1,849	26,038
Insurance	35,323	3,144	5,196	43,663
Client assistance	16,608			16,608
Printing and publications	1,784	74	9,234	11,092
Depreciation	17,111	1,523	2,517	21,151
Bank and credit card fees		7,288	17,686	24,974
Dues and subscriptions	7,904	703	1,163	9,770
Telephone	9,869	878	1,452	12,199
Postage and shipping	1,685	370	3,082	5,137
Equipment rental and maintenance	27,059	2,408	3,980	33,447
Small equipment	31,329	2,788	4,608	38,725
Other	<u>16,416</u>	<u>4,305</u>	<u>2,264</u>	<u>22,985</u>
Total expenses	<u>\$ 3,948,544</u>	<u>\$ 365,943</u>	<u>\$ 620,577</u>	4,935,064
Direct donor benefit costs				<u>189,246</u>
Total				<u>\$ 5,124,310</u>

*See accompanying notes to financial statements.*

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## Court Appointed Special Advocates of Travis County

Statements of Cash Flows for the years ended December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (228,610)	\$ (383,075)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	20,981	21,151
Change in interest in pooled investments	(17,043)	7,866
Changes in operating assets and liabilities:		
Contributions receivable	267,103	452,546
Prepaid expenses and other assets	12,934	(19,259)
Accounts payable and accrued expenses	35,724	6,499
Deferred special event revenue	<u>67,983</u>	<u>40,354</u>
Net cash provided by operating activities	<u>159,072</u>	<u>126,082</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	<u>(1,341)</u>	<u>(25,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	157,731	101,082
Cash and cash equivalents, beginning of year	<u>1,821,289</u>	<u>1,720,207</u>
Cash and cash equivalents, end of year	<u>\$ 1,979,020</u>	<u>\$ 1,821,289</u>

*See accompanying notes to financial statements.*

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# Court Appointed Special Advocates of Travis County

Notes to Financial Statements for the years ended December 31, 2019 and 2018

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## 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 equivalents include highly liquid financial instruments with original maturities of three months or less.

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 contributions 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, 2019, all contributions receivable are expected to be collected within one year.

Interest in pooled investments is reported at fair value. Changes in fair value of the interest of these pooled investments are included in net investment return.

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 \$1,565,000 that have not been recognized at December 31, 2019 because qualifying expenditures have not been incurred. At December 31, 2019, CASA has a \$618,000 intent to give from a foundation that will be recognized as received.

Special events revenue is recognized when the event occurs. Donor benefits provided at special events represent the cost of goods and services provided to the attendees of an event. Deferred fundraising 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 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.

Recent financial accounting pronouncement – In February 2016, the Financial Accounting Standards Board issued 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. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. CASA is required to adopt this ASU for fiscal year ending December 31, 2021. Upon adoption, management expects to recognize lease commitments as both a right of use asset and a lease liability in the statement of financial position for commitments that are currently only disclosed in the financial statements.

## **NOTE 2 – ADOPTION OF ACCOUNTING STANDARD**

Effective January 1, 2019 CASA adopted the amendments of ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance clarifies the distinction between contributions and exchange transactions and between conditional and unconditional contributions. This amendment has been applied on a retrospective basis to the financial statements for the year ended December 31, 2018. Because the timing and amount of revenue recognized previously is not different from revenue recognized under new

guidance, adoption of this standard had no impact on total beginning or ending net assets or on total changes in net assets for the year ended December 31, 2018. Presentation and disclosures pertaining to the year ended December 31, 2018 have been updated as appropriate to conform to the new standard.

### 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>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 1,979,020	\$ 1,821,289
Contributions receivable	388,705	655,808
Interest in pooled investments	<u>117,981</u>	<u>99,597</u>
Total financial assets	2,485,706	2,576,694
Less financial assets not available for general expenditure:		
Board-designated endowment investments	(117,981)	(99,597)
Board-designated operating reserve	(1,333,250)	(1,238,985)
Cash restricted for capital additions	<u>(7,352)</u>	<u>(7,351)</u>
Total financial assets available for general expenditure	<u>\$ 1,027,123</u>	<u>\$ 1,230,761</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 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2019</u>	<u>2018</u>
Money market mutual funds	\$ 1,009,693	
Bank deposits	<u>969,327</u>	<u>\$ 1,821,289</u>
Total cash and cash equivalents	<u>\$ 1,979,020</u>	<u>\$ 1,821,289</u>

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. Operating bank deposits totaling approximately \$450,000 at December 31, 2019 are not subject to the Expanded Bank Deposit Sweep program and exceed the federally insured limit per depositor per institution.

## NOTE 5 – 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.

CASA holds an interest in pooled investments managed by Austin Community Foundation (ACF), which allows it to invest in a large portfolio of assets with many other investors attempting to reduce risk. Such pooled investments are considered a Level 3 investment because pricing inputs are not observable.

Assets measured at fair value at December 31, 2019 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Money market mutual funds	\$ 1,009,693			\$ 1,009,693
Interest in assets of ACF	<u>                    </u>	<u>                    </u>	\$ 117,981	<u>117,981</u>
Total assets measured at fair value	<u>\$ 1,009,693</u>	<u>\$ 0</u>	<u>\$ 117,981</u>	<u>\$ 1,127,674</u>

Assets measured at fair value at December 31, 2018 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Interest in assets of ACF	<u>                    </u>	<u>                    </u>	\$ 99,597	<u>\$ 99,597</u>
Total assets measured at fair value	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 99,597</u>	<u>\$ 99,597</u>

Money market mutual funds are valued at the reported daily net asset value. 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 Level 3 assets consist of the following:

Balance at January 1, 2018	\$ 82,463
Purchases	25,000
Net depreciation in fair value of interest in assets of ACF	<u>(7,866)</u>
Balance at December 31, 2018	99,597
Purchases	1,341
Net appreciation in fair value of interest in assets of ACF	<u>17,043</u>
Balance at December 31, 2019	<u>\$ 117,981</u>

## NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 93,995	\$ 93,995
Computer equipment	19,604	19,604
Leasehold improvements	17,840	17,840
Software	<u>15,916</u>	<u>15,916</u>
Total property and equipment, at cost	147,355	147,355
Accumulated depreciation	<u>(100,189)</u>	<u>(79,208)</u>
Property and equipment, net	<u>\$ 47,166</u>	<u>\$ 68,147</u>

## NOTE 7 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 792,017	\$ 872,535
Property and equipment, net	47,166	68,147
Board-designated endowment	117,981	99,597
Board-designated operating reserve	<u>1,333,250</u>	<u>1,238,985</u>
Total net assets without donor restrictions	<u>\$ 2,290,414</u>	<u>\$ 2,279,264</u>

## NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Advocacy program manager	\$ 20,725	\$ 21,508
Teen advocacy and permanency project	16,767	
Capital expenditures	7,352	7,349
Diversity volunteer recruitment		71,695
Client assistance		6,956
Other	<u>13,820</u>	<u>          </u>
Total subject to expenditure for specified purpose	58,664	107,508
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditures until a future period	<u>40,000</u>	<u>230,916</u>
Total net assets with donor restrictions	<u>\$ 98,664</u>	<u>\$ 338,424</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, 2018	\$ 82,463
Contributions	25,000
Net investment return	<u>(7,866)</u>
Endowment net assets, December 31, 2018	99,597
Net investment return	<u>18,384</u>
Endowment net assets, December 31, 2019	<u>\$ 117,981</u>

## NOTE 10 – COMMITMENTS AND CONTINGENCIES

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 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 – OPERATING LEASES

CASA leases office space and software under non-cancelable leases. Future minimum lease commitments are as follows:

2020	\$ 353,791
2021	356,987
2022	352,307
2023	359,093
2024	365,879
Thereafter	<u>91,611</u>
Total	<u>\$ 1,879,668</u>

## 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 \$149,848 to the plan during 2019 and \$124,988 to the plan during 2018.

## NOTE 13 – SUBSEQUENT EVENTS

On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. Business disruption caused by the pandemic is expected to reduce revenue and increase costs as CASA adapts operations to on-line platforms to continue to serve clients.

The extent of the impact of COVID-19 on CASA's operational and financial performance will depend on developments such as the duration and spread of the outbreak, impact on customers, donors, employees, and vendors all of which are uncertain and cannot be predicted. Therefore, while CASA expects this matter to negatively impact its operating results and financial position, the financial impact cannot be reasonably estimated at this time. CASA received approximately \$200,000 in financial relief under the Small Business Administration Payroll Protection Program; under provisions in the legislation passed by the Federal government, the loan is subject to be forgiven if all conditions are met, including the use of funds being used to meet payroll and other specific expenses.

Management has evaluated subsequent events through May 26, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.