

**National CASA Association
dba National Court Appointed Special
Advocate (CASA)/Guardian Ad Litem
(GAL) Association**

Audit of Financial Statements
Years Ended December 31, 2022 and 2021

Reports and Schedules in Accordance with
Government Auditing Standards and Required
by the Uniform Guidance
Year Ended December 31, 2022

**National CASA Association
dba National Court Appointed Special Advocate
(CASA)/Guardian Ad Litem (GAL) Association**

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Years Ended December 31, 2022 and 2021**

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Government Auditing Standards and Required by the Uniform Guidance
Year Ended December 31, 2022**

**National CASA Association
dba National Court Appointed Special Advocate (CASA)/Guardian Ad
Litem (GAL) Association**

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Independent Auditor's Report

The Board of Trustees
National CASA Association
dba National Court Appointed Special Advocate (CASA)/
Guardian Ad Litem (GAL) Association
Seattle, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National CASA Association dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association (National CASA/GAL), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National CASA/GAL 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 (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National CASA/GAL 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022, National CASA/GAL adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases* (ASC 842). Our opinion is not modified with respect to this matter.

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 National CASA/GAL'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 GAAS 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 GAAS 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 National CASA/GAL'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 National CASA/GAL'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.



Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2024 on our consideration of National CASA/GAL'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 National CASA/GAL'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 National CASA/GAL's internal control over financial reporting and compliance.

BDO USA, P.C.

August 13, 2024

Financial Statements

**National CASA Association
dba National Court Appointed Special Advocate (CASA)/Guardian Ad
Litem (GAL) Association**

Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Current Assets		
Cash	\$ 5,047,142	\$ 5,619,559
Investments	490,019	574,963
Receivable from Department of Justice	857,916	229,344
Contributions receivable	95,825	157,014
Deposits and prepaid expenses	71,669	109,401
Total Current Assets	6,562,571	6,690,281
Endowment Cash and Investments	381,285	474,641
Cash Held for Deferred Compensation	90,000	-
Right-of-Use Assets, operating	1,925,542	-
Total Assets	\$ 8,959,398	\$ 7,164,922
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,092,945	\$ 223,043
Accrued wages and benefits	389,293	527,463
Deferred revenue	203,624	337,933
Paycheck Protection Program loan	-	869,705
Operating lease liabilities, current portion	419,487	-
Total Current Liabilities	2,105,349	1,958,144
Operating Lease Liabilities, net of current portion	1,558,466	-
Deferred Compensation Liability	90,000	-
Total Liabilities	3,753,815	1,958,144
Net Assets		
Without donor restrictions	2,212,765	2,502,180
With donor restrictions	2,992,818	2,704,598
Total Net Assets	5,205,583	5,206,778
Total Liabilities and Net Assets	\$ 8,959,398	\$ 7,164,922

See accompanying notes to financial statements.

**National CASA Association
dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association**

Statements of Activities

Year ended December 31,	2022		2021		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue					
Department of Justice cooperative agreements	\$ 10,230,171	\$ -	\$ 10,027,711	\$ -	\$ 10,027,711
Department of Justice grant	2,560,721	-	3,866,931	-	3,866,931
Conference fees	868,990	-	135,955	-	135,955
Membership dues	218,797	-	257,947	-	257,947
Corporate and foundation contributions	532,249	355,500	441,692	255,162	696,854
Individual contributions	1,146,888	62,363	1,095,119	6,465	1,101,584
Interest and investment income (loss), net	(83,977)	(79,356)	48,536	53,120	101,656
Net assets released from restrictions	50,287	(50,287)	21,947	(21,947)	-
Total Support and Revenue	15,524,126	288,220	15,895,838	292,800	16,188,638
Expenses					
Program services:					
Training and technical assistance	4,778,745	-	5,254,461	-	5,254,461
Member and public outreach	4,082,638	-	1,613,602	-	1,613,602
Grant activities	4,267,299	-	6,790,329	-	6,790,329
Total Program Services	13,128,682	-	13,658,392	-	13,658,392
Supporting services:					
General and administrative	3,161,386	-	2,409,287	-	2,409,287
Fundraising	393,178	-	304,694	-	304,694
Total Supporting Services	3,554,564	-	2,713,981	-	2,713,981
Total Expenses	16,683,246	-	16,372,373	-	16,372,373
Change in Net Assets before Non-Operating Activities	(1,159,120)	288,220	(476,535)	292,800	(183,735)
Paycheck Protection Program Loan Forgiveness	869,705	-	915,327	-	915,327
Change in Net Assets	(289,415)	288,220	438,792	292,800	731,592
Net Assets, beginning of year	2,502,180	2,704,598	2,063,388	2,411,798	4,475,186
Net Assets, end of year	\$ 2,212,765	\$ 2,992,818	\$ 2,502,180	\$ 2,704,598	\$ 5,206,778

See accompanying notes to financial statements.

**National CASA Association
 dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association**

Statement of Functional Expenses

Year ended December 31, 2022

	Program Services				Supporting Services			Total
	Training and Technical Assistance	Member and Public Outreach	Grant Activities	Total Program Services	General and Administrative	Fundraising	Supporting Services	
Personnel and payroll taxes	\$ 2,909,785	\$ 1,278,438	\$ 436,905	\$ 4,625,128	\$ 1,444,495	\$ 105,415	\$ 1,549,910	\$ 6,175,038
Contract services	1,403,826	2,633,860	-	4,037,686	788,236	204,326	992,562	5,030,248
Grantee disbursements	-	-	3,810,866	3,810,866	-	-	-	3,810,866
Program promotion and other	148,316	14,840	100	163,256	393,889	12,848	406,737	569,993
Rent	260,516	133,930	17,221	411,667	64,525	18,126	82,651	494,318
Travel and subsistence	5,849	15,501	-	21,350	240,476	-	240,476	261,826
Office supplies and postage	10,664	-	-	10,664	61,579	46,506	108,085	118,749
Telephone and toll-free number	39,789	6,069	2,207	48,065	42,492	-	42,492	90,557
Professional fees	-	-	-	-	81,061	-	81,061	81,061
Insurance	-	-	-	-	39,452	-	39,452	39,452
Printing	-	-	-	-	5,181	5,957	11,138	11,138
Total Expenses	\$ 4,778,745	\$ 4,082,638	\$ 4,267,299	\$ 13,128,682	\$ 3,161,386	\$ 393,178	\$ 3,554,564	\$ 16,683,246

See accompanying notes to financial statements.

**National CASA Association
 dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association**

Statement of Functional Expenses

Year ended December 31, 2021

	Program Services				Supporting Services			Total
	Training and Technical Assistance	Member and Public Outreach	Grant Activities	Total Program Services	General and Administrative	Fundraising	Supporting Services	
Personnel and payroll taxes	\$ 3,022,777	\$ 1,328,756	\$ 411,021	\$ 4,762,554	\$ 1,305,983	\$ 67,570	\$ 1,373,553	\$ 6,136,107
Contract services	1,894,887	107,095	49,261	2,051,243	423,918	189,545	613,463	2,664,706
Grantee disbursements	-	-	6,306,145	6,306,145	-	-	-	6,306,145
Program promotion and other	48,329	22,200	500	71,029	323,275	6,553	329,828	400,857
Rent	217,570	128,741	21,580	367,891	89,120	9,149	98,269	466,160
Travel and subsistence	1,332	1,839	-	3,171	24,571	-	24,571	27,742
Office supplies and postage	19,073	2,312	-	21,385	94,090	27,102	121,192	142,577
Telephone and toll-free number	50,493	5,010	1,822	57,325	36,787	-	36,787	94,112
Professional fees	-	-	-	-	92,860	-	92,860	92,860
Insurance	-	-	-	-	18,583	-	18,583	18,583
Printing	-	17,649	-	17,649	100	4,775	4,875	22,524
Total Expenses	\$ 5,254,461	\$ 1,613,602	\$ 6,790,329	\$ 13,658,392	\$ 2,409,287	\$ 304,694	\$ 2,713,981	\$ 16,372,373

See accompanying notes to financial statements.

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Statements of Cash Flows

<i>Year ended December 31,</i>	2022	2021
Cash Flows from Operating Activities		
Cash received from cooperative agreements, grants, and contributions	\$ 14,230,459	\$ 15,655,621
Cash received from membership dues and conferences	953,478	671,985
Investment income received	23,856	56,117
Cash paid to suppliers	(5,647,247)	(3,879,349)
Cash paid to employees and related payroll taxes	(6,223,208)	(5,972,814)
Grants paid to subrecipients	(3,810,866)	(6,306,145)
Net Cash Provided by (Used in) Operating Activities	(473,528)	225,415
Cash Flows from Investing Activities		
Proceeds from (purchases of) investments (and dividends reinvested)	-	(11,254)
Purchases of endowment investments (and dividends reinvested)	(8,889)	(8,127)
Sales of endowment investments	-	5,850
Net Cash Used in Investing Activities	(8,889)	(13,531)
Cash Flows from Financing Activity		
Proceeds from Paycheck Protection Program loan	-	869,705
Net Change in Cash	(482,417)	1,081,589
Cash, beginning of year	5,619,559	4,537,970
Cash, end of year	\$ 5,137,142	\$ 5,619,559
Cash	\$ 5,047,142	\$ 5,619,559
Cash held for deferred compensation	90,000	-
	\$ 5,137,142	\$ 5,619,559
Supplemental Cash Flow Information		
Noncash investing and financing activities:		
Operating right-of-use assets obtained in exchange for operating lease liabilities - upon adoption of ASC 842	\$ 1,389,164	\$ -
Operating right-of-use assets obtained in exchange for new operating lease liabilities	1,096,923	-
Early termination of right-of-use assets and related operating lease liability	56,680	-

See accompanying notes to financial statements.

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Notes to Financial Statements

1. Organization and Significant Accounting Policies

Organization

National CASA Association dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association (National CASA/GAL) is a nonprofit membership organization whose member programs are charged with advocating for the best interest of abused or neglected children in juvenile dependency court. National CASA/GAL supports its member organizations in the development, growth, and continuation of programs that recruit and train volunteers to serve as Court Appointed Special Advocates (CASA). CASA volunteers (sometimes called Guardians Ad Litem or GAL volunteers) are appointed by judges to be the independent eyes and ears of the court, watching over and advocating for a child until the child is placed in a safe, permanent home.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Basis of Accounting

The financial statements of National CASA/GAL have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. This means that income is recorded when earned and expenses are recorded when the obligation to pay has been incurred.

Financial Statement Presentation

National CASA/GAL reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions that are received are recorded in one of these two categories depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions consist of unexpended contributions or investment income restricted for particular purposes or time periods or investments controlled by law or donor-imposed stipulations stating the resources are to be maintained in perpetuity. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purposes or as time restrictions are met, except for those controlled by law or donor-imposed stipulations stating the resources are to be maintained in perpetuity.

Cash

Cash includes cash in banks and money market funds (except for cash accounts classified as investments). National CASA/GAL has amounts deposited with a financial institution in excess of federally insured limits.

Investments

Investments are measured at fair value (see below). Dividends, interest, and the net appreciation in fair value of investments consists of both realized gains or losses and unrealized appreciation and

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depreciation of those investments and is included in the change in net assets. Investment management fees are netted with the investment income.

Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value, as follows:

Level 1 - This level consists of observable market inputs, such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - This level consists of observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly.

Level 3 - This level consists of unobservable inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

The fair value measurement of the investments was determined using Level 1 observable market inputs within the fair value hierarchy.

Receivables/Revenue

The receivable from the United States Department of Justice (DOJ) consists of funds that have been released from their conditions (eligible expenses incurred), and invoiced but not yet received.

Grant revenues from the DOJ are recognized when expenditures related to the grants are made and, accordingly, as the conditions have been met. Contributions are recognized when the pledge is made. Of total revenues, 81% and 86% was from the DOJ during the years ended December 31, 2022 and 2021, respectively.

At December 31, 2022, there is \$3,555,142 in conditional grants from the DOJ that National CASA/GAL has not received. These are expected to be earned and collected during the years ending December 31, 2023 and 2024.

Conference fees are recognized when the related conference takes place. Conference fees received prior to the conference taking place are considered deferred conference fees. Conference fees are considered a single performance obligation and are earned at a point in time.

Membership dues are invoiced during the fall of the year prior to the membership period (typically January 1 through December 31). As the dues are collected in advance of the performance obligation, these dues are considered deferred revenue. These dues allow members to receive exclusive access to recruitment materials, online training and technical assistance, and trademarked materials, and allow for eligibility in receiving grants from National CASA/GAL. National CASA/GAL has determined that these benefits are provided ratably (over time) to members throughout their membership (as a bundled contract), and that the cost of the membership represents a fee for service and does not include any contributions. National CASA/GAL records deferred membership fees for any advanced collections, and records membership revenues on a

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ratable basis over the course of the membership period, unless a member joins after the start of the membership period, in which their membership is ratably recognized over the remaining term of the membership period (all memberships expire unless renewed on December 31).

Cash Held for Deferred Compensation/Deferred Compensation Liability

National CASA/GAL opened an investment account during the year ended December 31, 2022 for the current CEO to fund retirement payments by transferring cash into this investment account annually until the CEO retires. As cash is contributed to the account, an expense is being recognized. A related liability called deferred compensation liability equals the investment amount and tracks amounts to eventually be paid out. No withdrawals will occur until the CEO retires. The investments held for deferred compensation represent money market funds. Any future unrealized gains or losses will increase or decrease both the asset and the related liability amounts, and are not included in the changes in net assets. At December 31, 2022 and 2021, the cash balance from the contributions made by National CASA/GAL was \$90,000 and \$0, respectively.

Leases (Effective January 1, 2022)

National CASA/GAL determines if an arrangement is a lease at inception. Assets and obligations related to operating leases are included in operating lease right-of-use (ROU) assets; operating lease liabilities, current portion; and operating lease liabilities, net of current portion in the statements of financial position.

ROU assets represent National CASA/GAL's right to use an underlying asset for the lease term, and lease liabilities represent National CASA/GAL's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. As National CASA/GAL's leases do not provide an implicit rate, the discount rate based on information available at the commencement date is used in determining the present value of the lease payments (this was the risk-free rate) (see Note 5). Certain lease terms may include options to extend or terminate the lease, and these are included in the determination of the ROU asset and lease liability when it is reasonably certain that National CASA/GAL will exercise those options.

National CASA/GAL's agreements with lease and non-lease components are all accounted for as a single lease component. For leases with an initial term of 12 months or less, National CASA/GAL elected the exemption from recording ROU assets and lease liabilities for all leases that qualify, and records rent expense on a straight-line basis over the lease term.

For leases that include variable payments, which may vary based upon changes in facts or circumstances after the start of the lease, National CASA/GAL excludes variable payments from lease ROU assets and lease liabilities, to the extent not considered fixed, and instead expenses as incurred. Variable lease costs for the year ended December 31, 2022 are immaterial.

Leases (Through December 31, 2021)

Prior to January 1, 2022, for operating leases, rent expense was recognized on a straight-line basis over the term of the lease.

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Notes to Financial Statements

Recent Accounting Pronouncements Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASC Topic 842), and subsequent amendments to the initial guidance (collectively, ASC 842). ASC 842 requires lessees to generally recognize on the statement of financial position, operating and finance lease liabilities and corresponding ROU assets for leases. Lessor accounting is largely unchanged under ASC 842. Entities are required to use a modified retrospective approach on adoption, with the option of applying the requirements of the standard either (1) retrospectively to each prior comparative reporting period presented or (2) retrospectively at the beginning of the period of adoption, through a cumulative-effect adjustment to net assets, if any. National CASA/GAL adopted the standard on January 1, 2022, using the modified retrospective approach at the beginning of the period of adoption. National CASA/GAL elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allows National CASA/GAL to carry forward the historical lease classification for leases that commenced before January 1, 2022.

The disclosure requirements of ASC 842 are included within Note 5. Adoption of the standard had no impact on the statements of activities or cash flows. Adoption of ASC 842 resulted in increases in assets and liabilities in National CASA/GAL's statements of financial position, as follows:

	Balance, December 31, 2021	Transition Adjustment	Balance, January 1, 2022
Assets			
Right-of-use assets, operating	\$ -	\$ 1,389,164	\$ 1,389,164
Liabilities			
Operating lease liabilities, current portion	\$ -	\$ 441,261	\$ 441,261
Operating lease liabilities, net of current portion	-	947,903	947,903

During the year ended December 31, 2022, National CASA/GAL retrospectively adopted the provisions of FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, issued by the FASB. The pronouncement was issued to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 does not change the existing recognition and measurement requirements for contributed nonfinancial assets. The new standard requires that contributed nonfinancial assets are presented separately in the statement of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques. Adoption of ASU No. 2020-07 did not have an impact on the financial statements of National CASA/GAL for the years ended December 31, 2022 or 2021, as there were no nonfinancial assets contributed to National CASA/GAL during these periods.

New Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for

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Notes to Financial Statements

most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, *Revenue from Contracts with Customers*, loans, and certain other instruments, entities will be required to use a new forward-looking “expected-loss” model that generally will result in earlier recognition of credit losses than under today’s incurred loss model. The revised effective date is for annual periods beginning after December 15, 2022, and should be adopted using a modified retrospective approach, which applies a cumulative-effect adjustment to net assets as of the beginning of the first reporting period in which the guidance is effective. A prospective approach is required for debt securities for which an other-than-temporary impairment has been recognized before the effective date and loans and debt securities are acquired with deteriorated credit quality. Early adoption is permitted. Management is currently evaluating the effect that adoption of this new standard will have on National CASA/GAL’s financial statements.

Income Taxes

National CASA/GAL is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

National CASA/GAL recognizes the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. National CASA/GAL does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for any unrecognized tax benefits. National CASA/GAL has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, National CASA/GAL has filed Internal Revenue Service (IRS) Form 990 information returns, as required, and all other applicable returns in those jurisdictions where it is required. For the years ended December 31, 2022 and 2021, there were no interest or penalties recorded or included in the statements of activities related to uncertain tax positions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel and payroll tax expenses are allocated among functional expenses on the basis of time and effort. Rent expense is allocated on a square-footage basis. Expenses like grantee disbursements, contract services, and office supplies are all directly distributed amongst the functional expense categories that they support. All indirect expenditures are charged to the general and administrative function.

Subsequent Events

National CASA/GAL has evaluated subsequent events through the date these financial statements were available to be issued, which was August 13, 2024.

2. Liquidity and Availability of Financial Assets

National CASA/GAL strives to maintain liquid financial assets sufficient to cover 60 days of general expenditures, excluding federal sub-awards to member programs. The federal sub-awards and a majority of the general expenditures are reimbursable expenses to National CASA/GAL from the DOJ cooperative agreements and grants. National CASA/GAL is able to draw down funds from these

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awards as frequently as needed, and reimbursement from the DOJ is received within two business days following submission.

In addition, National CASA/GAL has net assets with donor restrictions that are designated for activities planned and budgeted for during the next 12 months.

The following table shows the total financial assets held by National CASA/GAL and the amounts of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures as of December 31, 2022 and 2021.

Financial assets available to meet general expenditures over the next 12 months are as follows:

<i>December 31,</i>	2022	2021
Cash	\$ 5,047,142	\$ 5,619,559
Receivable from DOJ	857,916	229,344
Contributions receivable	95,825	157,014
Investments convertible to cash in the next 12 months	490,019	574,963
	6,490,902	6,580,880
Net assets with donor restrictions	(2,611,533)	(2,229,957)
Total Financial Assets at Year-End	\$ 3,879,369	\$ 4,350,923

3. Investments

Investments consist of the following:

<i>December 31,</i>	2022	2021
Cash	\$ 177	\$ 225
Mutual Funds		
Foreign large-cap blend	140,080	180,835
Ultrashort bond	102,281	102,836
Large-cap growth	100,292	129,403
Intermediate bond	59,937	78,674
Large-cap blend	53,905	67,954
High-yield bond	27,972	17,992
Large-cap value	23,500	42,662
Mid-cap growth	15,188	23,861
Foreign small growth	8,305	10,409
Exchange-Traded Funds		
Intermediate bond	119,511	136,534
Foreign large-cap blend	50,065	32,170
Mid-cap value	39,557	46,647
Large-cap value	27,770	45,873
Small-cap blend	27,578	31,996
Small-cap value	27,390	42,175
Diversified emerging markets	24,379	30,934
Inflation-protected bond	23,417	28,424
	\$ 871,304	\$ 1,049,604

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Investments are included in the statements of financial position as follows:

<i>December 31,</i>	2022	2021
Investments	\$ 490,019	\$ 574,963
Endowment cash and investments	381,285	474,641
	\$ 871,304	\$ 1,049,604

Interest and investment income (loss) is composed of the following:

<i>Year ended December 31,</i>	2022	2021
Interest and dividends	\$ 23,856	\$ 56,117
Realized/unrealized gain (loss) on investments	(187,189)	45,539
	\$ (163,333)	\$ 101,656

4. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows:

<i>December 31,</i>	2022	2021
Net Assets with Purpose or Time Restrictions		
Training and technical assistance program:		
Fostering Futures	\$ 1,490,164	\$ 1,144,531
Performance measurement	423,454	438,955
COVID-19	241,100	241,100
Volunteer retention	200,868	211,288
Barbara Cooper Fund	172,824	127,823
Nunn Scholarship	58,123	41,260
Growth Initiative	25,000	25,000
	2,611,533	2,229,957
Net Assets with Endowment-Related Restrictions		
Unappropriated endowment investment earnings	26,285	119,641
Endowment Scholarship Fund	355,000	355,000
Total	\$ 2,992,818	\$ 2,704,598

5. Lease Commitments

National CASA/GAL leases office space under three operating leases, which expire through August 31, 2028, including an option to renew at National CASA/GAL and the landlord's discretion. For one of the leases, National CASA/GAL has not included the option to extend or terminate the lease in the calculation of ROU assets or lease liabilities, as it is not reasonably certain that National CASA/GAL will exercise the option.

Under ASC 840, lease expense amounted to \$466,160 for operating leases during the year ended December 31, 2021.

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Total operating lease costs were \$568,216 and cash paid for amounts included in the measurement of operating lease liabilities during the year ended December 31, 2022 includes \$470,048 of operating cash flows.

The weighted-average remaining lease term at December 31, 2022 was 4.41 years for operating leases. The weighted-average discount rate at December 31, 2022 was 1.33%.

Maturities of operating lease liabilities are as follows:

Year ending December 31,

2023	\$	442,985
2024		505,845
2025		434,047
2026		290,399
2027		218,825
Thereafter		149,713
Total Payments		2,041,814
Less: amount representing interest		(63,861)
Total Lease Liability		1,977,953
Less: current portion		(419,487)
Long-Term Portion		\$ 1,558,466

6. Grant Commitments

National CASA/GAL has committed to distribute \$3,910,076 to local and state CASA/GAL organizations between October 1, 2021 and September 30, 2024 (award period). National CASA/GAL has distributed a total of \$800,787 as of the year ended December 31, 2022. The remaining \$3,109,289 is expected to be awarded and distributed during 2023 and 2024. Funding for this program is received from the DOJ (Cooperative Agreement # 15PJDP-21-GK-02762-CASA) for pass-through grants.

National CASA/GAL has committed to distribute approximately \$2,250,000 to local and state CASA/GAL organizations between October 1, 2020 and September 30, 2023 (award period). As of December 31, 2022, National CASA/GAL successfully distributed a total of \$2,287,312, which includes \$37,312 over the initial commitment. Funding for this program was received from the DOJ (Grant # 2020-MU-FX-0001) for pass-through grants.

The commitments listed above are contingent on National CASA/GAL receiving appropriate funding from the DOJ under the grants and cooperative agreements (discussed above).

7. Endowment

National CASA/GAL's endowment consists of one donor-restricted fund established to fund scholarships for foster children. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including

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quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of National CASA/GAL has interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, National CASA/GAL classifies as endowment net assets (a) the original value of gifts donated to the endowment, plus (b) the original value of subsequent gifts to the endowment and accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, National CASA/GAL considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- The duration and preservation of the endowment fund.
- The purposes of National CASA/GAL and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation or deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of National CASA/GAL.

Endowment net assets are as follows:

<i>December 31,</i>	2022	2021
Amounts required to be invested in perpetuity	\$ 355,000	\$ 355,000
Unappropriated endowment earnings	26,285	119,641
	\$ 381,285	\$ 474,641

Changes in endowment net assets are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Earnings	Perpetual	
Endowment Net Assets,				
December 31, 2020	\$ -	\$ 72,371	\$ 355,000	\$ 427,371
Investment return	-	53,120	-	53,120
Appropriation of earnings	-	(5,850)	-	(5,850)
Endowment Net Assets,				
December 31, 2021	-	119,641	355,000	474,641
Investment loss	-	(79,356)	-	(79,356)
Appropriation of earnings	-	(14,000)	-	(14,000)
Endowment Net Assets,				
December 31, 2022	\$ -	\$ 26,285	\$ 355,000	\$ 381,285

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Return Objectives and Risk Parameters

National CASA/GAL has adopted investment and spending policies for endowment assets that are long-term in nature with an investment horizon of at least seven to ten years. The long-term objective is to earn a total rate of return that will exceed the demands placed on the portfolio to support National CASA/GAL's goals. Endowment assets include those assets of donor-restricted funds that National CASA/GAL must hold in perpetuity. Over a three- to five-year period, endowment investments are expected to achieve a total rate of return that compares favorably to specified benchmarks. National CASA/GAL expects its endowment funds to provide a rate of return of at least the U.S. Consumer Price Index plus 1% each year.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, National CASA/GAL will rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). National CASA/GAL will target an asset allocation that places a greater emphasis on equity investments, both domestic and international, as well as fixed income and cash equivalents.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

National CASA/GAL has a policy of appropriating for distribution each year 5% of the previous year's ending balance in the portfolio (once the endowment is fully funded). In establishing this policy, National CASA/GAL considered the long-term expected return on its endowment.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires National CASA/GAL to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2022 or 2021.

8. COVID-19 and Related Government Funding

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

On March 27, 2020, former President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by the COVID-19 outbreak. National CASA/GAL applied for and received a PPP loan on

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May 1, 2020, totaling \$915,327. National CASA/GAL received forgiveness of both the outstanding principal and interest on February 26, 2021. National CASA/GAL derecognized the liability on its statement of financial position and recorded a gain on forgiveness in the amount of \$915,327 in the statement of activities for the year ended December 31, 2021.

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed into law, which included additional economic stimulus and COVID-19-related relief, including additional PPP funds and expansion of the Employee Retention Credit. National CASA/GAL applied for and received a second PPP loan on March 16, 2021, totaling \$869,705. National CASA/GAL received forgiveness of both the outstanding principal and interest on January 20, 2022. National CASA/GAL derecognized the liability on its statement of financial position and recorded a gain on forgiveness in the amount of \$869,705 in the statement of activities for the year ended December 31, 2022.

The SBA has stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. While National CASA/GAL believes the PPP loans were properly obtained and forgiven, there can be no assurance regarding the outcome of an SBA review. National CASA/GAL has not accrued any liability associated with the risk of an adverse SBA review.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (the American Rescue Plan), which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit.