

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

**Audit of Financial Statements  
Years Ended December 31, 2023 and 2022**

**Reports and Schedules in Accordance  
with *Government Auditing Standards*  
and Required by the Uniform Guidance  
Year Ended December 31, 2023**



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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, 2023 and 2022, 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, 2023 and 2022, 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 audit 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 audit. 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 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.

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### ***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 audit was 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 audit 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 September 27, 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.

September 27, 2024

## **Financial Statements**

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

**Statements of Financial Position**

| <i>December 31,</i>                                 | <b>2023</b>         | <b>2022</b>         |
|---|---------------------|---------------------|
| <b>Assets</b>                                       |                     |                     |
| <b>Current Assets</b>                               |                     |                     |
| Cash  | \$ 321,862          | \$ 5,047,142        |
| Investments   | 159,781             | 490,019             |
| Receivable from Department of Justice               | 6,061,763           | 857,916             |
| Contributions receivable                            | 151,372             | 95,825              |
| Deposits and prepaid expenses                       | 149,021             | 71,669              |
| <b>Total Current Assets</b>                         | <b>6,843,799</b>    | <b>6,562,571</b>    |
| Endowment Cash and Investments                      | 423,371             | 381,285             |
| Cash Held for Deferred Compensation                 | 182,312             | 90,000              |
| <b>Right-of-Use Assets, operating</b>               | <b>1,426,584</b>    | <b>1,925,542</b>    |
| <b>Total Assets</b>                                 | <b>\$ 8,876,066</b> | <b>\$ 8,959,398</b> |
| <b>Liabilities and Net Assets</b>                   |                     |                     |
| <b>Current Liabilities</b>                          |                     |                     |
| Accounts payable                                    | \$ 2,340,574        | \$ 1,092,945        |
| Accrued wages and benefits                          | 60,707              | 389,293             |
| Deferred revenue                                    | 259,190             | 203,624             |
| Operating lease liabilities, current portion        | 488,240             | 419,487             |
| <b>Total Current Liabilities</b>                    | <b>3,148,711</b>    | <b>2,105,349</b>    |
| Operating Lease Liabilities, net of current portion | 1,070,226           | 1,558,466           |
| <b>Deferred Compensation Liability</b>              | <b>182,312</b>      | <b>90,000</b>       |
| <b>Total Liabilities</b>                            | <b>4,401,249</b>    | <b>3,753,815</b>    |
| <b>Net Assets</b>                                   |                     |                     |
| Without donor restrictions                          | 1,222,322           | 2,212,765           |
| With donor restrictions                             | 3,252,495           | 2,992,818           |
| <b>Total Net Assets</b>                             | <b>4,474,817</b>    | <b>5,205,583</b>    |
| <b>Total Liabilities and Net Assets</b>             | <b>\$ 8,876,066</b> | <b>\$ 8,959,398</b> |

*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,*

|   | 2023                       |                         |                     | 2022                       |                         |                     |
|---|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|
|   | Without Donor Restrictions | With Donor Restrictions | Total               | Without Donor Restrictions | With Donor Restrictions | Total               |
| <b>Support and Revenue</b>                                  |                            |                         |                     |                            |                         |                     |
| Department of Justice cooperative agreements                | \$ 6,209,968               | \$ -                    | \$ 6,209,968        | \$ 10,230,171              | \$ -                    | \$ 10,230,171       |
| Department of Justice grant                                 | 25,915                     | -                       | 25,915              | 2,560,721                  | -                       | 2,560,721           |
| Conference fees   | 626,160                    | -                       | 626,160             | 868,990                    | -                       | 868,990             |
| Membership dues   | 252,798                    | -                       | 252,798             | 218,797                    | -                       | 218,797             |
| Corporate and foundation contributions                      | 536,400                    | 235,986                 | 772,386             | 532,249                    | 355,500                 | 887,749             |
| Individual contributions                                    | 1,076,593                  | 28,396                  | 1,104,989           | 1,146,888                  | 62,363                  | 1,209,251           |
| Interest and investment income (loss), net                  | 38,927                     | 53,695                  | 92,622              | (83,977)                   | (79,356)                | (163,333)           |
| Net assets released from restrictions                       | 58,400                     | (58,400)                | -                   | 50,287                     | (50,287)                | -                   |
| <b>Total Support and Revenue</b>                            | <b>8,825,161</b>           | <b>259,677</b>          | <b>9,084,838</b>    | <b>15,524,126</b>          | <b>288,220</b>          | <b>15,812,346</b>   |
| <b>Expenses</b>   |                            |                         |                     |                            |                         |                     |
| Program services:   |                            |                         |                     |                            |                         |                     |
| Training and technical assistance                           | 3,860,342                  | -                       | 3,860,342           | 4,778,745                  | -                       | 4,778,745           |
| Member and public outreach                                  | 1,039,505                  | -                       | 1,039,505           | 4,082,638                  | -                       | 4,082,638           |
| Grant activities  | 2,671,267                  | -                       | 2,671,267           | 4,267,299                  | -                       | 4,267,299           |
| <b>Total Program Services</b>                               | <b>7,571,114</b>           | <b>-</b>                | <b>7,571,114</b>    | <b>13,128,682</b>          | <b>-</b>                | <b>13,128,682</b>   |
| Supporting services:  |                            |                         |                     |                            |                         |                     |
| General and administrative                                  | 1,549,487                  | -                       | 1,549,487           | 3,161,386                  | -                       | 3,161,386           |
| Fundraising   | 695,003                    | -                       | 695,003             | 393,178                    | -                       | 393,178             |
| <b>Total Supporting Services</b>                            | <b>2,244,490</b>           | <b>-</b>                | <b>2,244,490</b>    | <b>3,554,564</b>           | <b>-</b>                | <b>3,554,564</b>    |
| <b>Total Expenses</b>                                       | <b>9,815,604</b>           | <b>-</b>                | <b>9,815,604</b>    | <b>16,683,246</b>          | <b>-</b>                | <b>16,683,246</b>   |
| <b>Change in Net Assets before Non-Operating Activities</b> | <b>(990,443)</b>           | <b>259,677</b>          | <b>(730,766)</b>    | <b>(1,159,120)</b>         | <b>288,220</b>          | <b>(870,900)</b>    |
| <b>Paycheck Protection Program Loan Forgiveness</b>         | <b>-</b>                   | <b>-</b>                | <b>-</b>            | <b>869,705</b>             | <b>-</b>                | <b>869,705</b>      |
| <b>Change in Net Assets</b>                                 | <b>(990,443)</b>           | <b>259,677</b>          | <b>(730,766)</b>    | <b>(289,415)</b>           | <b>288,220</b>          | <b>(1,195)</b>      |
| <b>Net Assets, beginning of year</b>                        | <b>2,212,765</b>           | <b>2,992,818</b>        | <b>5,205,583</b>    | <b>2,502,180</b>           | <b>2,704,598</b>        | <b>5,206,778</b>    |
| <b>Net Assets, end of year</b>                              | <b>\$ 1,222,322</b>        | <b>\$ 3,252,495</b>     | <b>\$ 4,474,817</b> | <b>\$ 2,212,765</b>        | <b>\$ 2,992,818</b>     | <b>\$ 5,205,583</b> |

*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, 2023*

|                                | Program Services                  |                            |                     |                        | Supporting Services        |                   |                           | Total               |
|--------------------------------|-----------------------------------|----------------------------|---------------------|------------------------|----------------------------|-------------------|---------------------------|---------------------|
|                                | Training and Technical Assistance | Member and Public Outreach | Grant Activities    | Total Program Services | General and Administrative | Fundraising       | Total Supporting Services |                     |
| Personnel and payroll taxes    | \$ 2,544,180                      | \$ 758,901                 | \$ 230,486          | \$ 3,533,567           | \$ 909,634                 | \$ 306,552        | \$ 1,216,186              | \$ 4,749,753        |
| Grantee disbursements          | -                                 | -                          | 2,430,654           | 2,430,654              | -                          | -                 | -                         | 2,430,654           |
| Contract services              | 776,836                           | 49,247                     | 686                 | 826,769                | 74,267                     | 189,922           | 264,189                   | 1,090,958           |
| Program promotion and other    | 199,419                           | 78,284                     | 1,206               | 278,909                | 246,497                    | 144,604           | 391,101                   | 670,010             |
| Rent                           | 228,397                           | 132,334                    | 6,538               | 367,269                | 81,769                     | 27,117            | 108,886                   | 476,155             |
| Travel and subsistence         | 37,397                            | 6,583                      | -                   | 43,980                 | 79,114                     | -                 | 79,114                    | 123,094             |
| Professional fees              | -                                 | -                          | -                   | -                      | 112,127                    | 5,000             | 117,127                   | 117,127             |
| Telephone and toll-free number | 53,409                            | 13,388                     | 1,697               | 68,494                 | 18,982                     | 3,507             | 22,489                    | 90,983              |
| Office supplies and postage    | 20,498                            | 768                        | -                   | 21,266                 | 26,395                     | 18,301            | 44,696                    | 65,962              |
| Insurance                      | -                                 | -                          | -                   | -                      | 702                        | -                 | 702                       | 702                 |
| Printing                       | 206                               | -                          | -                   | 206                    | -                          | -                 | -                         | 206                 |
| <b>Total Expenses</b>          | <b>\$ 3,860,342</b>               | <b>\$ 1,039,505</b>        | <b>\$ 2,671,267</b> | <b>\$ 7,571,114</b>    | <b>\$ 1,549,487</b>        | <b>\$ 695,003</b> | <b>\$ 2,244,490</b>       | <b>\$ 9,815,604</b> |

*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       | Total 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         |
| Grantee disbursements          | -                                 | -                          | 3,810,866           | 3,810,866              | -                          | -                 | -                         | 3,810,866            |
| Contract services              | 1,403,826                         | 2,633,860                  | -                   | 4,037,686              | 788,236                    | 204,326           | 992,562                   | 5,030,248            |
| 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              |
| Professional fees              | -                                 | -                          | -                   | -                      | 81,061                     | -                 | 81,061                    | 81,061               |
| Telephone and toll-free number | 39,789                            | 6,069                      | 2,207               | 48,065                 | 42,492                     | -                 | 42,492                    | 90,557               |
| Office supplies and postage    | 10,664                            | -                          | -                   | 10,664                 | 61,579                     | 46,506            | 108,085                   | 118,749              |
| Insurance                      | -                                 | -                          | -                   | -                      | 5,181                      | 5,957             | 11,138                    | 11,138               |
| Printing                       | -                                 | -                          | -                   | -                      | 39,452                     | -                 | 39,452                    | 39,452               |
| <b>Total Expenses</b>          | <b>\$ 4,778,745</b>               | <b>\$ 4,082,638</b>        | <b>\$ 4,267,299</b> | <b>\$ 13,128,682</b>   | <b>\$ 3,161,386</b>        | <b>\$ 393,178</b> | <b>\$ 3,554,564</b>       | <b>\$ 16,683,246</b> |

*See accompanying notes to financial statements.*

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

**Statements of Cash Flows**

| <i>Year ended December 31,</i>  | <b>2023</b>        | <b>2022</b>         |
|---|--------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>   |                    |                     |
| Cash received from cooperative agreements, grants, and contributions  | \$ 2,853,864       | \$ 14,230,459       |
| Cash received from membership dues and conferences  | 934,524            | 953,478             |
| Investment income received  | 27,517             | 23,856              |
| Cash paid to suppliers  | (1,385,448)        | (5,647,247)         |
| Cash paid to employees and related payroll taxes  | (4,986,028)        | (6,223,208)         |
| Grants paid to subrecipients  | (2,430,654)        | (3,810,866)         |
| <b>Net Cash Used in Operating Activities</b>  | <b>(4,986,225)</b> | <b>(473,528)</b>    |
| <b>Cash Flows from Investing Activities</b>   |                    |                     |
| Proceeds from sale of investments   | 377,724            | -                   |
| Purchases of investments  | (44,952)           | -                   |
| Purchases of endowment investments (and dividends reinvested)   | (10,974)           | (8,889)             |
| Sales of endowment investments  | 31,459             | -                   |
| <b>Net Cash Provided by (Used in) Investing Activities</b>  | <b>353,257</b>     | <b>(8,889)</b>      |
| <b>Net Change in Cash</b>   | <b>(4,632,968)</b> | <b>(482,417)</b>    |
| <b>Cash, beginning of year</b>  | <b>5,137,142</b>   | <b>5,619,559</b>    |
| <b>Cash, end of year</b>  | <b>\$ 504,174</b>  | <b>\$ 5,137,142</b> |
| Cash  | \$ 321,862         | \$ 5,047,142        |
| Cash held for deferred compensation   | 182,312            | 90,000              |
| <b>Total Cash</b>   | <b>\$ 504,174</b>  | <b>\$ 5,137,142</b> |
| <b>Supplemental Cash Flow Information</b>   |                    |                     |
| 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.*

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

**Notes to Financial Statements**

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

**National CASA Association**  
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**Notes to Financial Statements**

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***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 support and revenue, 68% and 81% was from the DOJ during the years ended December 31, 2023 and 2022, respectively.

At December 31, 2023, there is \$9,704,405 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, 2024 and 2025.

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 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).

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

**Notes to Financial Statements**

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***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, 2023 and 2022, the cash balance from the contributions made by National CASA/GAL was \$182,312 and \$90,000, respectively.

***Leases***

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, 2023 are immaterial.

***Recent Accounting Pronouncements Adopted***

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-03, *Financial Instruments - Credit Losses (Topic 326)*, which eliminates the requirement that a credit loss on a financial instrument be 'probable' prior to recognition. Instead, a valuation allowance will be recorded to reflect an entity's current estimate of all expected credit losses, based on both historical and forecasted information related to an instrument. This ASU was effective for National CASA/GAL for annual and interim reporting periods beginning after December 15, 2022, and was 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. National CASA/GAL adopted this standard effective January 1, 2023 using the modified

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retrospective method. The adoption of this standard did not have an impact to the financial results or disclosures.

***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, 2023 and 2022, 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 September 27, 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 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 statements of financial position date to meet general expenditures as of December 31, 2023 and 2022.

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

| <i>December 31,</i>                                   | <b>2023</b>         | <b>2022</b>         |
|---|---------------------|---------------------|
| Cash  | \$ 321,862          | \$ 5,047,142        |
| Receivable from DOJ                                   | 6,061,763           | 857,916             |
| Contributions receivable                              | 151,372             | 95,825              |
| Investments convertible to cash in the next 12 months | 159,781             | 490,019             |
|   | <b>6,694,778</b>    | <b>6,490,902</b>    |
| Net assets with donor restrictions                    | <b>(2,829,124)</b>  | <b>(2,611,533)</b>  |
| <b>Total Financial Assets at Year-End</b>             | <b>\$ 3,865,654</b> | <b>\$ 3,879,369</b> |

**3. Investments**

Investments consist of the following:

| <i>December 31,</i>          | <b>2023</b>       | <b>2022</b>       |
|------------------------------|-------------------|-------------------|
| Cash                         | \$ 976            | \$ 177            |
| <b>Mutual Funds</b>          |                   |                   |
| Intermediate bond            | 63,477            | 59,937            |
| Large-cap growth             | 61,788            | 100,292           |
| Foreign large-cap blend      | 38,117            | 140,080           |
| High-yield bond              | 28,353            | 27,972            |
| Large-cap value              | 25,458            | 23,500            |
| Ultrashort bond              | 24,541            | 102,281           |
| Foreign large growth         | 23,903            | -                 |
| Mid-cap growth               | 17,328            | 15,188            |
| Large-cap blend              | 14,128            | 53,905            |
| Foreign small growth         | 4,953             | 8,305             |
| Foreign small blend          | 4,228             | -                 |
| <b>Exchange-Traded Funds</b> |                   |                   |
| Intermediate bond            | 111,366           | 119,511           |
| Foreign large-cap blend      | 49,904            | 50,065            |
| Small-cap blend              | 36,979            | 27,578            |
| Large-cap value              | 24,817            | 27,770            |
| Mid-cap value                | 17,211            | 39,557            |
| Small-cap value              | 13,219            | 27,390            |
| Diversified emerging markets | 8,114             | 24,379            |
| Japan stock                  | 6,300             | -                 |
| High yield bond              | 6,264             | -                 |
| Mid-cap blend                | 1,728             | -                 |
| Inflation-protected bond     | -                 | 23,417            |
|                              | <b>\$ 583,152</b> | <b>\$ 871,304</b> |

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

| <i>December 31,</i>            | 2023              | 2022              |
|--------------------------------|-------------------|-------------------|
| Investments                    | \$ 159,781        | \$ 490,019        |
| Endowment cash and investments | 423,371           | 381,285           |
|                                | <b>\$ 583,152</b> | <b>\$ 871,304</b> |

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

| <i>Year ended December 31,</i>                 | 2023             | 2022                |
|--|------------------|---------------------|
| Interest and dividends                         | \$ 27,517        | \$ 23,856           |
| Realized/unrealized gain (loss) on investments | 65,105           | (187,189)           |
|  | <b>\$ 92,622</b> | <b>\$ (163,333)</b> |

#### 4. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows:

| <i>December 31,</i>                                   | 2023                | 2022                |
|---|---------------------|---------------------|
| <b>Net Assets with Purpose or Time Restrictions</b>   |                     |                     |
| Training and technical assistance program:            |                     |                     |
| Fostering Futures                                     | \$ 1,709,124        | \$ 1,490,164        |
| Performance measurement                               | 415,091             | 423,454             |
| COVID-19  | 219,698             | 241,100             |
| Volunteer retention                                   | 200,868             | 200,868             |
| Barbara Cooper Fund                                   | 187,824             | 172,824             |
| Nunn Scholarship                                      | 71,519              | 58,123              |
| Growth Initiative                                     | 25,000              | 25,000              |
|   | <b>2,829,124</b>    | <b>2,611,533</b>    |
| <b>Net Assets with Endowment-Related Restrictions</b> |                     |                     |
| Endowment Scholarship Fund                            | 355,000             | 355,000             |
| Unappropriated endowment investment earnings          | 68,371              | 26,285              |
|   | <b>423,371</b>      | <b>381,285</b>      |
| <b>Total</b>  | <b>\$ 3,252,495</b> | <b>\$ 2,992,818</b> |

#### 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.



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Total operating lease costs were \$555,626 and \$568,216 and cash paid for amounts included in the measurement of operating lease liabilities during the years ended December 31, 2023 and 2022 includes \$442,985 and \$470,048 of operating cash flows, respectively.

The weighted-average remaining lease term at December 31, 2023 and 2022 is 3.67 and 4.41 years, respectively, for operating leases. The weighted-average discount rate at December 31, 2023 and 2022 is 1.35% and 1.33%, respectively.

Maturities of operating lease liabilities are as follows:

*Year ending December 31,*

|   |    |                     |
|---|----|---------------------|
| 2024                                      | \$ | 505,845             |
| 2025                                      |    | 434,047             |
| 2026                                      |    | 290,399             |
| 2027                                      |    | 218,825             |
| 2028                                      |    | 149,713             |
| <b>Total Payments</b>                     |    | <b>1,598,829</b>    |
| <b>Less: amount representing interest</b> |    | <b>(40,363)</b>     |
| <b>Total Lease Liability</b>              |    | <b>1,558,466</b>    |
| <b>Less: current portion</b>              |    | <b>(488,240)</b>    |
| <b>Long-Term Portion</b>                  |    | <b>\$ 1,070,226</b> |

## 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, 2025 (award period). National CASA/GAL has distributed a total of \$3,228,987 as of the year ended December 31, 2023. The remaining \$681,089 is expected to be awarded and distributed during 2024 and 2025. Funding for this program is received from the DOJ (Cooperative Agreement # 15PJDP-21-GK-02762-CASA) for pass-through grants.

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

## 7. Endowment

National CASA/GAL's endowment consists of one donor-restricted fund established to fund scholarships for youth who have grown up in, or have spent time in, foster care and are aging out of the foster care system with the desire to advance their education. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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***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>                           | <b>2023</b>       | <b>2022</b>       |
|---|-------------------|-------------------|
| Amounts required to be invested in perpetuity | \$ 355,000        | \$ 355,000        |
| Unappropriated endowment earnings             | 68,371            | 26,285            |
|   | <b>\$ 423,371</b> | <b>\$ 381,285</b> |

Changes in endowment net assets are as follows:

|  | Without Donor<br>Restrictions | With Donor Restrictions    |                   |                   |
|--|-------------------------------|----------------------------|-------------------|-------------------|
|  |                               | Unappropriated<br>Earnings | Perpetual         | Total             |
| <b>Endowment Net Assets, December 31, 2021</b> | \$ -                          | \$ 119,641                 | \$ 355,000        | \$ 474,641        |
| Investment loss                                | -                             | (79,356)                   | -                 | (79,356)          |
| Appropriation of earnings                      | -                             | (14,000)                   | -                 | (14,000)          |
| <b>Endowment Net Assets, December 31, 2022</b> | -                             | 26,285                     | 355,000           | 381,285           |
| Investment income                              | -                             | 53,695                     | -                 | 53,695            |
| Appropriation of earnings                      | -                             | (11,609)                   | -                 | (11,609)          |
| <b>Endowment Net Assets, December 31, 2023</b> | <b>\$ -</b>                   | <b>\$ 68,371</b>           | <b>\$ 355,000</b> | <b>\$ 423,371</b> |

***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

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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 accordance with the endowment's investment policy statement, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

***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, 2023 or 2022.

## **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 (the 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.

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 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

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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.