



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

**Independent Auditor's Report and Financial
Statements**

December 31, 2024



National CASA Association
Db National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association
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December 31, 2024

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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 statement of National CASA Association dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association (National CASA/GAL), which comprise the statement of financial position as of December 31, 2024, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statement.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of National CASA/GAL as of December 31, 2024, 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 (*Government Auditing Standards*). 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 the National CASA/GAL's ability to continue as a going concern for one year after the date that the financial statements are issued (or 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 the 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 the National CASAGAL'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* 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. The 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 schedule of expenditures of federal awards 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 30, 2025 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.

Forvis Mazars, LLP

Atlanta, GA
September 30, 2025

**National CASA Association
 Dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association
 Statement of Financial Position
 Year Ended December 31, 2024**

	<u>2024</u>
ASSETS	
Current Assets	
Cash	\$ 1,774,612
Short-term investments	191,438
Federal grants receivable	2,842,176
Accounts receivable	181,548
Contributions receivable	10,000
Deposits and prepaid expenses	<u>193,590</u>
Total Current Assets	<u>5,193,364</u>
Endowment cash and investments	457,618
Cash held for deferred compensation	275,013
Right-of-use assets - operating leases	<u>951,732</u>
	<u>\$ 6,877,727</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 977,330
Accrued wages and benefits	169,766
Deferred revenue	240,250
Current portion of operating lease liabilities	<u>422,229</u>
Total Current Liabilities	<u>1,809,575</u>
Other Liabilities	
Operating lease liabilities	647,998
Deferred compensation liability	<u>275,013</u>
	<u>2,732,586</u>
Net Assets	
Without donor restrictions	676,747
With donor restrictions	<u>3,468,394</u>
Total Net Assets	<u>4,145,141</u>
Total Liabilities and Net Assets	<u>\$ 6,877,727</u>

**National CASA Association
 Dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association
 Statement of Activities
 Year Ended December 31, 2024**

	Without Donor Restrictions	2024 With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Department of Justice cooperative agreement	\$ 2,874,780	\$ -	\$ 2,874,780
Membership dues	250,640	-	250,640
Corporate and foundation contributions	1,177,956	183,800	1,361,756
Individual contributions	764,543	-	764,543
Contributions of nonfinancial assets	41,000	-	41,000
Interest and investment income	14,797	44,750	59,547
Gain on lease forgiveness	75,000	-	75,000
Net assets released from restrictions	12,651	(12,651)	-
	<u>5,211,367</u>	<u>215,899</u>	<u>5,427,266</u>
Expenses			
Training and technical assistance	1,436,754	-	1,436,754
Member and public outreach	1,129,652	-	1,129,652
Grant activities	869,495	-	869,495
Total program services	<u>3,435,901</u>	<u>-</u>	<u>3,435,901</u>
Management and general	1,829,629	-	1,829,629
Fundraising	491,412	-	491,412
Total support services	<u>2,321,041</u>	<u>-</u>	<u>2,321,041</u>
Total Expenses	<u>5,756,942</u>	<u>-</u>	<u>5,756,942</u>
Change in Net Assets	(545,575)	215,899	(329,676)
Net Assets, Beginning of Year	<u>1,222,322</u>	<u>3,252,495</u>	<u>4,474,817</u>
Net Assets, End of Year	<u>\$ 676,747</u>	<u>\$ 3,468,394</u>	<u>\$ 4,145,141</u>

**National CASA Association
 Dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association
 Statement of Functional Expenses
 Year Ended December 31, 2024**

	2024				2024			Total
	Program Services		Support Services		Management and General	Fundraising	Total Support Services	
	Training and Technical Assistance	Member and Public Outreach	Grant Activities	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel and payroll taxes	\$ 899,283	\$ 941,646	\$ 206,948	\$ 2,047,877	\$ 1,079,770	\$ 325,676	\$ 1,405,446	\$ 3,453,323
Grantee disbursements	-	6,791	659,822	666,613	-	-	-	666,613
Contract services	16,012	1,600	-	17,612	369,358	26,833	396,191	413,803
Information technology	164,530	70,672	710	235,912	124,087	24,706	148,793	384,705
Rent	261,474	78,433	1,847	341,754	95,112	25,800	120,912	462,666
Travel and subsistence	36,197	-	-	36,197	50,364	-	50,364	86,561
Software, licenses, permits	35,999	18,404	57	54,460	85,846	24,593	110,439	164,899
Telephone and toll-free number	23,259	11,850	111	35,220	15,424	4,157	19,581	54,801
Office supplies and postage	-	256	-	256	9,668	18,647	28,315	28,571
Contributions of non-financial	-	-	-	-	-	41,000	41,000	41,000
Miscellaneous	-	-	-	-	-	-	-	-
Total expenses	\$ 1,436,754	\$ 1,129,652	\$ 869,495	\$ 3,435,901	\$ 1,829,629	\$ 491,412	\$ 2,321,041	\$ 5,756,942

**National CASA Association
 Dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association
 Statement of Cash Flows
 Year Ended December 31, 2024**

Operating Activities	
Change in net assets	\$ (329,676)
Items not requiring (providing) cash	
Noncash operating lease expense	474,852
Net realized and unrealized (gains) losses on investments	(29,817)
Changes in	
Accounts receivable	(30,826)
Grant reimbursements and other receivables	3,219,587
Accounts payable	(1,363,244)
Software, licenses, permits	109,059
Deposits and prepaid expenses	(44,569)
Contributions receivable	(9,350)
Contributions of non-financial assets	(18,940)
Lease liabilities	(488,239)
Net Cash Provided by (Used in) Operating Activities	<u>1,488,837</u>
Investing Activities	
Proceeds from disposition of investments	\$ 5,500
Purchases of investments	(41,587)
Net Cash Provided by (Used in) Investing Activities	<u>(36,087)</u>
Increase (Decrease) in Cash	1,452,750
Cash, Beginning of Year	<u>321,862</u>
Cash held for deferred compensation	<u>275,013</u>
Cash, End of Year	<u><u>\$ 2,049,625</u></u>
Supplemental Cash Flows Information	
Gain Noncash on Lease Forgiveness	\$ (75,000)

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

Cash includes deposits in banks and money market funds with original maturities of three months or less. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts and assets limited as to use, are not considered to be cash and cash equivalents. Deposit accounts restricted internally by the Board and/or externally by regulators are considered to be cash and cash equivalents.

At December 31, 2024, National CASA/GAL's cash accounts exceeded federally insured limits by approximately \$1,808,000.

Federal Grants Receivable and Department of Justice Cooperative Agreement

Federal grants receivable consists of amounts due from the U.S. Department of Justice and represents amounts due to National CASA/GAL in accordance with cost-reimbursement contracts. Federal grant receivables are considered fully collectible.

Support funded by grants is recognized as National CASA/GAL meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency, and, as a result of such audit, adjustments could be required.

Investments and Net investment Return

National CASA/GAL measures securities at fair value. Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statement of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

**National CASA Association
 Dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association
 Notes to Financial Statements
 December 31, 2024**

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Membership Revenue and Deferred Revenue

Membership revenue is recognized as National CASA/GAL satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which National CASA/GAL expects to be entitled in exchange for providing goods or services. National CASA/GAL determines the transaction price based on standard charges for goods and services provided, reduced by implicit and explicit price concessions. National CASA/GAL determines its estimates of implicit and explicit price concessions based upon contractual agreements, its discount policies and historical experience. Revenue from fees for memberships is deferred and recognized over the periods to which the fees relate.

Contributions

Contributions are provided to National CASA/GAL either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on National CASA/GAL overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

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When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government Grants

Support funded by grants is recognized as National CASA/GAL meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

National CASA/GAL is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, National CASA/GAL is subject to federal income tax on any unrelated business taxable income.

National CASA/GAL files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Personnel and payroll tax expenses are allocated among the functional expenses on the basis of time and effort. Rent expense is allocated on a square-footage basis. Expenses such as grantee disbursements, contract services, and office supplies are distributed among the functional expense categories based on specific identification of costs based on what program or supporting service they relate to. All indirect expenditures are charged to the management and general function.

Note 2. Leases

Accounting Policies

National CASA/GAL determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. National CASA/GAL determines lease classification as operating or finance at the lease commencement date.

National CASA/GAL accounts for the lease and nonlease components separately. The lease components consist of charges for rental of space or usage of equipment, and nonlease components consist of common area maintenance and other variable charges not included in the charge for rent.

**National CASA Association
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Notes to Financial Statements
December 31, 2024**

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. National CASA/GAL has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

National CASA/GAL has not included the option to extend or terminate the leases in calculation of ROU assets or lease liabilities, as it is not reasonably certain that National CASA/GAL will exercise the options.

National CASA/GAL has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

National CASA/GAL has entered into the following lease arrangements:

Operating Leases

National CASA/GAL has leases for office space that expire in various years through 2028. Lease payments have an escalating fee schedule, which range from approximately a 3% to 8% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

National CASA/GAL leases certain equipment including copiers for office use. Under the terms of the lease agreements, National CASA/GAL leases the equipment for 3 to 4 years with provisions to return the equipment after that time.

Lease Modification

During the fiscal year ended December 31, 2024, National CASA/GAL entered into a lease modification agreement related to one of its office space locations. The original lease term concluded in September 2024. As part of the modification, the lessor forgave previously outstanding lease payments totaling \$75,000. This forgiveness is recognized as income and reflected in the Statement of Activities.

All Leases

National CASA/GAL has no material related-party leases. National CASA/GAL's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the year ended December 31, 2024 are:

	<u>2024</u>
Lease cost	
Operating lease cost	\$ 474,852
Total lease cost	<u>\$ 474,852</u>

**National CASA Association
 Dba National Court Appointed Special Advocate (CASA)/Guardian Ad Litem (GAL) Association
 Notes to Financial Statements
 December 31, 2024**

	<u>2024</u>
Other information	
Weighted-average remaining lease term	
Operating leases	2.50 years
Weighted-average discount rate	
Operating leases	1.3%

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2024 are as follows:

	<u>Operating Leases</u>
2025	\$ 434,047
2026	290,398
2027	218,825
2028	149,714
Thereafter	<u>-</u>
Total future undiscounted lease payments	1,092,984
Less imputed interest	<u>(22,757)</u>
Lease liabilities	<u>\$ 1,070,227</u>

Note 3. Revenue from Contracts with Customers

Membership Dues Revenue

Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which National CASA/GAL expects to be entitled in exchange for providing exclusive access to recruitment materials, online training and technical assistance, and trademarked materials, and allow for eligibility in receiving grants from National CASA/GAL.

Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. Generally, National CASA/GAL bills members annually.

Transaction Price and Recognition

National CASA/GAL determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided in accordance with National CASA/GAL's policy and implicit price concessions provided to customers. National CASA/GAL determines its estimates of explicit price concessions based on its discount policies. National CASA/GAL determines its estimate of implicit price concessions based on its historical collection experience with this class of customers. There has been no history of collection issues with customers.

**National CASA Association
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Notes to Financial Statements
December 31, 2024**

For the year ended December 31, 2024, National CASA/GAL recognized revenue of \$0 from goods and services that transfer to the customer over time and \$250,640 from goods and services that transfer to the customer at a point in time.

Contract Balances

The following table provides information about National CASA/GAL's receivables, contract assets, and contract liabilities from contracts with customers:

Accounts receivable, beginning of year	\$	150,722
Accounts receivable, end of year	\$	181,548
Deferred revenue, beginning of year	\$	259,190
Deferred revenue, end of year	\$	240,250

Significant Judgments

National CASA/GAL determines the transaction price based on standard charges for goods and services provided, discounts provided in accordance with National CASA/GAL's policy, and implicit price concessions provided to customers. National CASA/GAL determines its estimates of explicit price concessions based on contractual agreements and its discount policies. National CASA/GAL determines its estimate of implicit price concessions based on its historical collection experience with each class of customers.

Note 4. Deferred Compensation Agreement

National CASA/GAL opened an investment account during 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 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. There were no cash contributions made by National CASA/GAL during the year ended December 31, 2024.

**National CASA Association
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 Notes to Financial Statements
 December 31, 2024**

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<u>2024</u>
Subject to expenditure for specified purpose	
Fostering futures	\$ 1,714,432
Performance measurement	415,091
COVID-19	219,698
Volunteer retention	200,868
Barbara Cooper fund	197,824
Service Training	150,000
Nunn scholarship	79,410
Growth initiative	25,000
Young Adult Board Seat	10,000
	<u>3,012,323</u>
 Endowments	
Subject to appropriation and expenditure when a specified event occurs	
Restricted by donors for	
Scholarship fund	355,000
	<u>355,000</u>
 Subject to NFP endowment spending policy and appropriation	
Scholarship fund	101,071
	<u>101,071</u>
 Total endowments	<u>456,071</u>
	<u>\$ 3,468,394</u>

**National CASA Association
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 Notes to Financial Statements
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Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2024</u>
Satisfaction or purpose restrictions	
Fostering futures	\$ 193
Performance measurement	-
COVID-19	-
Volunteer retention	-
Barbara Cooper fund	-
Nunn scholarship	408
Growth initiative	-
	<u>601</u>
Restricted purpose spending-rate distributions and appropriations	
Scholarship fund	12,050
	<u>12,050</u>
	<u>\$ 12,651</u>

Note 5. Endowment

National CASA/GAL's governing body is subject to the State of Washington Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result, National CASA/GAL classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with UPMIFA, National CASA/GAL considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- Purposes of National CASA/GAL and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from investment income and appreciation or depreciation of investments
- Other resources of National CASA/GAL
- Investment policies of National CASA/GAL

**National CASA Association
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 Notes to Financial Statements
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National CASA/GAL’s endowment consists of one individual fund established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at December 31, 2024 was:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 355,000	\$ 355,000
Accumulated investment gains	-	102,618	102,618
Total endowment funds	<u>\$ -</u>	<u>\$ 457,618</u>	<u>\$ 457,618</u>

Change in endowment net assets for the year ended December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 423,371	\$ 423,371
Investment return, net	-	39,747	39,747
Contributions	-	-	-
Appropriation of endowment assets for expenditures	-	(5,500)	(5,500)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 457,618</u>	<u>\$ 457,618</u>

Investment and Spending Policies

National CASA/GAL has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds National CASA/GAL must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under National CASA/GAL’s policies, endowment assets are invested in a manner that is intended to produce results of at least the U.S. Consumer Price Index plus 1% each year. Actual returns in any given year may vary from this amount.

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To satisfy its long-term rate of return objectives, National CASA/GAL relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized).

National CASA/GAL has a spending policy of appropriating for expenditure 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.

Underwater Endowments

The governing body of National CASA/GAL has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, National CASA/GAL considers a fund to be underwater if the fair value of the fund is less than the sum of:

- The original value of initial and subsequent gift amounts donated to the fund, and
- Any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument

National CASA/GAL has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. At December 31, 2024, there were no such deficiencies.

Note 6. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024:

	2024
Total financial assets	\$ 4,999,774
Donor-imposed restrictions	
Restricted funds	3,012,323
Endowments	457,618
Net financial assets after donor-imposed restrictions	3,469,941
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,529,833

National CASA/GAL receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

National CASA/GAL's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

National CASA/GAL manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

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National CASA/GAL has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 60 days operating expenses. To achieve this targets, National CASA/GAL forecasts its future cash flows and monitors its liquidity regularly, and monitors its reserves annually. During the year ended December 31, 2024, the level of liquidity and reserves was managed within the policy requirements.

Note 7. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities