

**Court Appointed Special Advocates
of Santa Barbara County**

Audited Financial Statements

June 30, 2020

Court Appointed Special Advocates of Santa Barbara County

Table of Contents

	<u>Page</u>
Audited Financial Statements:	
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-12

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Court Appointed Special Advocates of Santa Barbara County
2601 Skyway Drive, Suite A3
Santa Maria, California 93455

We have audited the accompanying financial statements of Court Appointed Special Advocates of Santa Barbara County (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Emphasis of Matter

As more fully described in Note 16 to the financial statements, the Court Appointed Special Advocates of Santa Barbara County may be materially impacted by the outbreak of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Court Appointed Special Advocates of Santa Barbara County as of June 30, 2020, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Moss, Levy & Hartzheim LLP

Santa Maria, California
January 15, 2021

Court Appointed Special Advocates of Santa Barbara County
Statement of Financial Position
June 30, 2020

Assets

Current assets

Cash	\$ 231,484
Accounts receivable	131,628
Grant commitments receivable	252,987
Promises to give	46,000
Prepaid expenses and deposits	25,283
Total current assets	<u>687,382</u>

Fixed assets

Fixed assets, at cost	400,797
Less: Accumulated depreciation	<u>(257,515)</u>
Net fixed assets	<u>143,282</u>

Other assets

Investments	387,717
Promises to give, long-term portion	<u>10,924</u>
Total other assets	<u>398,641</u>
Total assets	<u><u>\$ 1,229,305</u></u>

Liabilities and net assets

Current liabilities

Accounts payable	28,676
Payroll liabilities	88,210
Grant commitment obligations	<u>252,987</u>
Total current liabilities	369,873

Long-term liabilities

Payroll Protection Program	<u>160,000</u>
Total liabilities	<u>529,873</u>

Net assets

With donor restrictions	63,145
Without donor restrictions	<u>636,287</u>
Total net assets	<u>699,432</u>
Total liabilities and net assets	<u><u>\$ 1,229,305</u></u>

Court Appointed Special Advocates of Santa Barbara County
Statement of Activities
Fiscal Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support:			
Grants	\$ 276,017	\$ -	\$ 276,017
Government grants	450,704		450,704
Contributions	261,767	8,261	270,028
Promises to give	(23)		(23)
Contributions in-kind	861,652	56,865	918,517
Total support	1,850,117	65,126	1,915,243
Revenues:			
Special events (net of direct costs)	181,461		181,461
Interest	195		195
Investment income	8,747		8,747
Total revenues	190,403		190,403
Total support and revenues	2,040,520	65,126	2,105,646
Reclassifications:			
Net assets released from restrictions	119,763	(119,763)	
Total support, revenues and reclassifications	2,160,283	(54,637)	2,105,646
Expenses:			
Program services:			
Advocate program	1,795,867		1,795,867
Support services:			
Management and general	156,800		156,800
Fund raising	265,727		265,727
Total expenses	2,218,394		2,218,394
Increase (decrease) in net assets	(58,111)	(54,637)	(112,748)
Net assets at beginning of fiscal year	736,272	117,782	854,054
Prior period adjustment	(41,874)		(41,874)
Net assets at beginning of fiscal year, restated	694,398	117,782	812,180
Net assets at end of fiscal year	\$ 636,287	\$ 63,145	\$ 699,432

The accompanying notes are an integral part of these financial statements.

Court Appointed Special Advocates of Santa Barbara County
Statement of Functional Expenses
Fiscal Year Ended June 30, 2020

	Program Services	Support Services		Total Expenses
	Advocate Program	Management and General	Fund Raising	
Salaries and wages	\$ 583,101	\$ 39,577	\$ 98,239	\$ 720,917
Visitation salaries	66,098			66,098
Payroll taxes	49,632	3,369	8,362	61,363
Employee benefits	65,617	4,454	11,055	81,126
Workers' compensation	1,285	87	217	1,589
Total personnel costs	765,733	47,487	117,873	931,093
Bad debt			34,615	34,615
Contract labor		20,853	13,335	34,188
Donor cultivation			3,006	3,006
Dues and subscriptions		5,123	5,395	10,518
Education and conferences		64		64
Insurance		11,975		11,975
Interest		53		53
Kid's Fund	15,219			15,219
Licenses, fees, taxes		3,733		3,733
Office expenses	12,397	11,841	13,687	37,925
Occupancy	37,683	24,039		61,722
Professional services		25,491		25,491
Public awareness	13,359			13,359
Recognition, board and staff	1,251			1,251
Special events direct costs			73,026	73,026
Telephone	27,552	1,129		28,681
Travel	11,214		2,386	13,600
Visitation grant expenditures	20,877			20,877
Volunteer outreach, training, and appreciation	30,689			30,689
Website	1,741			1,741
Subtotal expenses	937,715	151,788	263,323	1,352,826
Contributions in-kind				
Services	785,225	2,000	74,427	861,652
Goods	56,865			56,865
Depreciation	16,062	3,012	1,003	20,077
Less special event direct costs			(73,026)	(73,026)
Total expenses	\$ 1,795,867	\$ 156,800	\$ 265,727	\$ 2,218,394
Percent of total expenses	81%	7%	12%	100%

The accompanying notes are an integral part of these financial statements.

Court Appointed Special Advocates of Santa Barbara County
Statement of Cash Flows
Fiscal Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from operating activities			
Increase (decrease) in net assets	\$ (58,111)	\$ (54,637)	\$ (112,748)
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:			
Depreciation	20,077		20,077
Loss on sale of investments	900		900
Unrealized gain on investments	(1,680)		(1,680)
Investment interest and dividends	(7,967)		(7,967)
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(32,903)		(32,903)
Promises to give		20,523	20,523
Prepaid expenses and deposits	(10,702)	824	(9,878)
Increase (decrease) in:			
Accounts payable	16,525		16,525
Payroll liabilities	15,526		15,526
Net cash provided (used) by operating activities	<u>(58,335)</u>	<u>(33,290)</u>	<u>(91,625)</u>
Cash flows from investing activities			
Purchases of fixed assets	(11,850)		(11,850)
Purchases of investments	(65,097)		(65,097)
Sales of investments	65,101		65,101
Net cash used by investing activities	<u>(11,846)</u>		<u>(11,846)</u>
Cash flows from financing activities			
Proceeds from PPP loan	160,000		160,000
Net cash provided by financing activities	<u>160,000</u>		<u>160,000</u>
Net increase (decrease) in cash and equivalents	89,819	(33,290)	56,529
Cash and cash equivalents at beginning of fiscal year	<u>135,444</u>	<u>39,511</u>	<u>174,955</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 225,263</u>	<u>\$ 6,221</u>	<u>\$ 231,484</u>

The accompanying notes are an integral part of these financial statements.

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2020

Note 1 - Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America applicable to voluntary health and welfare organizations and have been consistently applied.

Nature of operations

Court Appointed Special Advocates (CASA) of Santa Barbara County, is a California nonprofit corporation whose mission is to assure a safe, permanent, nurturing home for every abused and/or neglected child by providing a highly-trained volunteer to advocate for them in the court system. CASA serves children in Santa Barbara County, and derives its revenues primarily from grants, contributions, and fund raising.

Description of programs

Advocate program - Works to prevent abused, neglected, and abandoned children from becoming lost in the Juvenile Dependency system, and finds them safe, permanent homes as quickly as possible, by carefully pairing a CASA volunteer advocate with a child to ensure that the child's best interest is served. The advocate spends time with the child, gathers relevant information, assesses the child's needs, writes reports for the juvenile court judge, and attends all court hearings regarding the child until a suitable, nurturing, permanent home is obtained.

Management and General - Includes the functions necessary to maintain the Organization's support program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the office of the executive director; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

Fundraising - Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and businesses.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other accruals.

Basis of presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain management and general expenses have been allocated among the program and supporting services benefited.

Subsequent events

Management has evaluated subsequent events through October XX, 2020, which was the date the financial statements were available to be issued.

Advertising costs

Advertising costs intended to solicit revenue in an exchange transaction are recorded as management and general expenses in the period incurred.

Note 1 - Significant Accounting Policies (continued)

Tax status

CASA has been determined to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. CASA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). With few exceptions, CASA is no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before July 1, 2016 and July 1, 2015, respectively.

Cash

All short-term investments with original maturities of three months or less are considered to be cash equivalents.

Accounts receivable and allowance for doubtful accounts

Receivables are accounted for on the accrual basis and become past due after 30 days. No allowance for uncollectable accounts has been provided, as CASA typically collects all outstanding amounts. Trade receivables are written off if all efforts at collection have failed and management determines that collection is unlikely.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Fixed assets

Purchases of fixed assets costing \$1,000 or more are capitalized. Donated fixed assets valued at \$1,000 or more are capitalized and recorded at fair value at the time of receipt. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts and any resulting gain or loss is recorded in the fiscal year of disposal. Depreciation is calculated utilizing the straight-line method over the estimated useful lives of the assets, that range from five to seven years for furniture and equipment, and 20 years for leasehold improvements.

Donations of fixed assets

Donations of property and equipment (long-lived assets) that do not have donor imposed stipulations about how long the property must be used are recorded as unrestricted contributions in the fiscal year received.

Investments

Investments consist of bank certificates of deposit and U.S. Treasury securities with readily determinable fair values, presented at fair value in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Revenue recognition

Grants and contributions are recognized as revenue when received, or receivables if the amount to be received can be reasonably estimated and collection is reasonably assured, under the accrual method of accounting. All other revenues and expenditures are recorded when earned.

Unearned revenue

Special events receipts are recognized as revenue in the fiscal year they are earned. Amounts collected or billed for future fiscal years are recorded as unearned revenue.

Contributed services

CASA records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills; are provided by persons possessing those skills; and would need to be purchased if they were not donated as required by ASC 958. CASA's volunteer advocates' contributed services meet these recognition requirements and are included in in-kind contributions. See Note 14 for details.

Restricted and unrestricted revenue

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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.

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2020

Fair value measurements

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CASA has the ability to access.

Level 2. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.

- Quoted prices for identical or similar assets or liabilities in inactive markets.

- Inputs other than quoted prices that are observable for the asset or liability.

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. However, level 1 inputs are not available for some of the assets that the organization is required to measure at fair value (for example, in-kind contributions).

The primary uses of fair value measures in CASA's financial statements are as follows:

- Initial measurement of in-kind contributions.

- Recurring measurement of investments in U.S. Treasury securities, and certificates of deposit.

Adopted accounting pronouncements

During the fiscal year ended June 30, 2020, CASA adopted the guidance regarding contributions received from Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This standard is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this standard include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. Based on the Organization's review of its grants and contracts, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. The adoption of this standard had no impact on the statements of financial position and the statement of activities and changes in net assets.

CASA also adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. ASU 2014-09 replaces most existing revenue recognition guidance in accounting principals generally accepted in the United States of America (GAAP). This standard also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows from contracts with customers. The Organization adopted the new standard effective for the fiscal year ended June 30, 2020, using the full retrospective method. Based on the Organization's review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under this new standard. The adoption of this standard had no impact on the statements of financial position and the statement of activities and changes in net assets.

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2020

Note 2 - Cash

Cash and money market funds are held in separate bank and investment accounts. Cash deposits insured by the federal government totaled \$231,209 at June 30, 2020.

Cash consisted of the following at June 30, 2020:

Montecito Bank & Trust	\$ 231,209
Petty cash	275
Subtotal cash in banks and on hand	<u>231,484</u>
Less donor restricted cash	(6,221)
Total operating cash	<u>\$ 225,263</u>

Note 3 - Concentrations

Concentrations of accounts receivable are as follows:

	Amount	% of Total
VOCA KS Contract	\$ 32,462	25%
VOCA XY Contract	18,477	14%
Judicial Council of California	16,218	12%
All other	64,471	49%
Total accounts receivable	<u>\$ 131,628</u>	<u>100%</u>

Concentrations of support and revenues are as follows:

Foundation grants	\$ 276,017	13.11%
Government grants	450,704	21.40%
Individuals	270,028	12.82%
Promises to give	(23)	0.00%
Special events	181,461	8.62%
In-kind contributions	918,517	43.62%
Interest	195	0.01%
Investment income	8,747	0.42%
Total support and revenues	<u>\$ 2,105,646</u>	<u>100.00%</u>

Note 4 - Promises to Give

Unconditional promises to give consists of multiple year contributions from individuals at June 30, 2020.

Unconditional promises to give are discounted at 3% and are due by 2024, as described below:

below:

	Short-term	Long-term	Discount Long-term	Net Long-term	Total
Contributions	<u>\$ 46,000</u>	<u>\$ 12,500</u>	<u>\$ (1,576)</u>	<u>\$ 10,924</u>	<u>\$ 56,924</u>

Note 5 - Grant Commitments Receivable

Grant commitments not yet billed as of June 30, 2020 as are follows:

VOCA XY Contract	\$ 175,969
VOCA KS Contract	47,301
Judicial Council of California Grant	16,217
National CASA Grant	13,500
Total grant commitments receivable	<u>\$ 252,987</u>

Note 6 - Fixed Assets

Fixed assets activity for the fiscal year ended June 30, 2020, is detailed in the following schedule.

	Beginning Balance	Additions	Disposals	Ending Balance
Leasehold improvements	\$ 214,574	\$ -	\$ -	\$ 214,574
Furniture and fixtures	82,447	10,044		92,491
Computer equipment	22,296	1,806		24,102
Website and software	17,101			17,101
Vehicle	52,529			52,529
Fixed assets at cost	<u>388,947</u>	<u>11,850</u>		<u>400,797</u>
Less: Accumulated depreciation	<u>237,438</u>	<u>20,077</u>		<u>257,515</u>
Net fixed assets	<u>\$ 151,509</u>	<u>\$ (8,227)</u>	<u>\$ -</u>	<u>\$ 143,282</u>

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2020

Note 7 - Investments

The cost basis of investments, and cumulative gains and losses at June 30, 2020, is as follows:

	Cost	Fair Value
Investments in marketable securities:		
Investment cash and money market funds	\$ 220,485	\$ 220,485
Certificates of deposit	165,000	166,680
Accrued interest	552	552
Total investments	386,037	\$ 387,717
Cumulative unrealized gains	1,680	
Investments at fair value	\$ 387,717	

Investment income for the fiscal year ended June 30, 2020, consisted of the following:

Interest and dividends	\$ 7,967
Net realized loss	(900)
Unrealized gains	1,680
Net investment income	\$ 8,747

Note 8 - Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

Exchange-traded certificates of deposit: Determined by the closing bid price on the last business day of the fiscal year if actively traded, and include accrued interest.

The following table sets forth, by level within the fair value hierarchy, CASA's assets at fair value at June 30, 2020.

	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments in marketable securities:				
Investment cash and money market funds	\$ 220,485	\$ 220,485	\$ -	\$ -
Certificates of deposit	166,680	166,680		
Accrued interest	552	552		
Total assets stated at fair value	\$ 387,717	\$ 387,717	\$ -	\$ -

There were no significant transfers between the levels during the year.

Note 9 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 are:

Financial Assets:	
Cash on hand and in banks	\$ 231,484
Accounts receivable	131,628
Grant commitments receivable	252,987
Promises to give	56,924
Total financial assets	673,023
Less: donor restricted long-term promises to give	(10,924)
Less: Unavailable grant commitments receivable	(252,987)
Amounts available for expenditure within one year	\$ 409,112

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although CASA does not intend to spend from its investment holdings, CASA can draw upon these funds upon approval by the Board of Directors.

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2020

Note 10 - Operating Leases

CASA leases office space and office equipment under month-to-month leases, and operating leases that mature in 2021 to 2023. Total occupancy expense for the fiscal year ended June 30, 2020 was \$61,722. Future minimum rental payments required for the leases are as follows:

Fiscal year ended June 30,	
2021	\$ 52,857
2022	52,368
2023	21,984
Total	<u>\$ 127,209</u>

Note 11 - Donor Restricted Net Assets

Donor restricted net assets consists of monies received during the fiscal year, and restricted for a specific purpose or period of time. Activity for donor restricted net assets for the fiscal year ended June 30, 2020, is detailed in the following schedule.

	Beginning Balance	Funds Received	Funds Released	Ending Balance
Donor restricted net assets:				
Building improvements	\$ 15,800	\$ -	\$ (15,800)	\$ -
Kid's Fund	13,179	65,126	(72,084)	6,221
Promises to give	77,447		(20,523)	56,924
Grants	11,356		(11,356)	
	<u>\$ 117,782</u>	<u>\$ 65,126</u>	<u>\$ (119,763)</u>	<u>\$ 63,145</u>

Note 12 - Paycheck Protection Program Loan Payable

The \$160,000 loan proceeds were received on April 15, 2020 under the Paycheck Protection Program (PPP). The PPP was established by Section 1102 of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) which provided for loans to qualifying businesses for up to 2.5 times the average monthly payroll expenses of the Organization. The loan and accrued interest are forgivable in the amount used for eligible expenses during an eight week period. Eligible expenses include payroll, benefits, rent, and utilities. The amount of loan forgiveness will be reduced if the Organization terminates employees or reduces salaries during that period. CASA intends to only use loan proceeds for eligible purposes and then apply for forgiveness as soon as the application is available and if necessary pay back any potentially unforgiven amount in full. Any unforgiven portion of the PPP loan not paid back by November 15, 2020 would be payable over 18 months at an interest rate of 1%.

Note 13 - Special Events

CASA conducted several special events during the fiscal year as part of its fund raising efforts. Activity for the special events excluding contributions is detailed below.

	Receipts	Direct Costs	Net Proceeds
Special events	<u>\$ 254,487</u>	<u>\$ 73,026</u>	<u>\$ 181,461</u>

Special event proceeds plus in-kind contributions attributed to the events totaled \$328,914, for the fiscal year ended June 30, 2020. These amounts are recorded as contributions in the accompanying statement of activities. See Note 14 for in-kind contributions for the special events.

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2020

Note 14 - Contributions In-kind

During the fiscal year ended June 30, 2020, volunteer court appointed special advocates provided 25,753.32 hours of professional services valued at \$29.09 per hour for the first five months, and \$29.90 for the last seven months of the fiscal year, according to California Judicial Council's annual valuation. CASA also received office space, advertising, and auction items for special events as in-kind contributions. Contributions in-kind for the fiscal year ended June 30, 2020, are as follows:

Court appointed special advocates services	\$ 760,257
Office and storage space	24,968
Kid's Fund toys, clothing, quilts, tickets, books	56,865
Special events wine, and auction items	74,427
Other materials and supplies	2,000
Total contributions in-kind	<u>\$ 918,517</u>

Note 15 - Concentrations of Risk

The majority of CASA's contributions and grants are received from individuals, foundations, and businesses located in the greater Santa Barbara metropolitan area and from an agency of the State of California. As such, CASA's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the County of Santa Barbara. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for CASA's services.

CASA's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to CASA's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes (see Notes 7 and 8) should mitigate the impact of changes in any one class.

Note 16 - Subsequent Events

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 spreads 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.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the CASA's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, CASA is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity as of the date of issuance of these financial statements.

Note 17 - Prior-period Adjustments

A prior-period adjustment of (\$41,874) was made to the Statement of Activities. This was the combination of removing previously received pledges receivable in the amount of \$28,000 and overstated prepaid expenditures of \$13,874.