

**Court Appointed Special Advocates
of Santa Barbara County
Audited Financial Statements
June 30, 2021**

Court Appointed Special Advocates of Santa Barbara County

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Court Appointed Special Advocates of Santa Barbara County
2125 S. Broadway, Ste. 106
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, 2021 and 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, 2021, 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
March 4, 2022

Court Appointed Special Advocates of Santa Barbara County

Statement of Financial Position

June 30, 2021

Assets

Current assets

Cash	\$ 728,255
Accounts receivable	112,849
Grant commitments receivable	234,734
Promises to give	11,500
Prepaid expenses and deposits	9,958
Total current assets	<u>1,097,296</u>

Fixed assets

Fixed assets, at cost	407,337
Less: Accumulated depreciation	<u>(279,424)</u>
Net fixed assets	<u>127,913</u>

Other assets

Investments	387,739
Promises to give, long-term portion	<u>4,122</u>
Total other assets	<u>391,861</u>
Total assets	<u><u>\$ 1,617,070</u></u>

Liabilities and net assets

Current liabilities

Accounts payable	810
Payroll liabilities	82,049
Grant commitment obligations	<u>234,734</u>
Total current liabilities	317,593

Long-term liabilities

Payroll Protection Program	<u>320,000</u>
Total liabilities	<u>637,593</u>

Net assets

With donor restrictions	19,473
Without donor restrictions	<u>960,004</u>
Total net assets	<u>979,477</u>
Total liabilities and net assets	<u><u>\$ 1,617,070</u></u>

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

Court Appointed Special Advocates of Santa Barbara County
Statement of Activities
Fiscal Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support:			
Grants	\$ 321,805	\$ -	\$ 321,805
Government grants	591,086		591,086
Contributions	427,589	8,202	435,791
Promises to give	698		698
Contributions in-kind	601,417	56,850	658,267
Total support	1,942,595	65,052	2,007,647
Revenues:			
Special events (net of direct costs)	57,123		57,123
Investment income	441		441
Total revenues	57,564		57,564
Total support and revenues	2,000,159	65,052	2,065,211
Reclassifications:			
Net assets released from restrictions	108,724	(108,724)	
Total support, revenues and reclassifications	2,108,883	(43,672)	2,065,211
Expenses:			
Program services:			
Advocate program	1,443,495		1,443,495
Support services:			
Management and general	189,718		189,718
Fund raising	187,575		187,575
Total expenses	1,820,788		1,820,788
Increase (decrease) in net assets	288,095	(43,672)	244,423
Net assets at beginning of fiscal year	636,287	63,145	699,432
Prior period adjustment	35,622		35,622
Net assets at beginning of fiscal year, restated	671,909	63,145	735,054
Net assets at end of fiscal year	\$ 960,004	\$ 19,473	\$ 979,477

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, 2021

	Program Services	Support Services		Total Expenses
	Advocate Program	Management and General	Fund Raising	
Salaries and wages	\$ 440,686	\$ 45,824	\$ 96,755	\$ 583,265
Visitation salaries	64,772			64,772
Payroll taxes	37,227	3,871	8,173	49,271
Employee benefits	44,730	4,651	9,821	59,202
Workers' compensation	1,505	157	330	1,992
Total personnel costs	588,920	54,503	115,079	758,502
Bad debt			29,279	29,279
Contract labor		34,029	9,450	43,479
Donor cultivation			773	773
Dues and subscriptions		4,808	5,219	10,027
Education and conferences		1,624		1,624
Insurance		12,899		12,899
Kid's Fund	10,562			10,562
Licenses, fees, taxes		3,648		3,648
Meetings		200		200
Office expenses	8,304	12,270	21,679	42,253
Occupancy	54,594	9,493		64,087
Professional services		38,772		38,772
Public awareness	22,459			22,459
Recognition, board and staff	3,901			3,901
Special events direct costs			41,625	41,625
Telephone	24,352	14,186		38,538
Travel	5,083			5,083
Visitation grant expenditures	26,154			26,154
Volunteer outreach, training, and appreciation	27,857			27,857
Website	505			505
Subtotal expenses	772,691	186,432	223,104	1,182,227
Contributions in-kind				
Services	596,417		5,000	601,417
Goods	56,860			56,860
Depreciation	17,527	3,286	1,096	21,909
Less special event direct costs			(41,625)	(41,625)
Total expenses	\$ 1,443,495	\$ 189,718	\$ 187,575	\$ 1,820,788
Percent of total expenses	80%	10%	10%	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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from operating activities			
Increase (decrease) in net assets	\$ 288,095	\$ (43,672)	\$ 244,423
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:			
Depreciation	21,909		21,909
Loss on sale of investments	1,901		1,901
Unrealized gain on investments	(39)		(39)
Investment interest and dividends	(2,303)		(2,303)
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	18,779		18,779
Promises to give		41,302	41,302
Prepaid expenses and deposits	15,325		15,325
Increase (decrease) in:			
Accounts payable	(27,866)		(27,866)
Payroll liabilities	29,461		29,461
Net cash provided (used) by operating activities	<u>345,262</u>	<u>(2,370)</u>	<u>342,892</u>
Cash flows from investing activities			
Purchases of fixed assets	(6,540)		(6,540)
Purchases of investments	(114,581)		(114,581)
Sales of investments	<u>115,000</u>		<u>115,000</u>
Net cash used by investing activities	<u>(6,121)</u>		<u>(6,121)</u>
Cash flows from financing activities			
Proceeds from PPP loan	<u>160,000</u>		<u>160,000</u>
Net cash provided by financing activities	<u>160,000</u>		<u>160,000</u>
Net increase (decrease) in cash and equivalents	499,141	(2,370)	496,771
Cash and cash equivalents at beginning of fiscal year	<u>225,263</u>	<u>6,221</u>	<u>231,484</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 724,404</u>	<u>\$ 3,851</u>	<u>\$ 728,255</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, 2021

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.

Fund Raising - 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 December XX, 2021, 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, 2017 and July 1, 2016, 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.

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.

Note 2 - Cash

Cash and money market funds are held in separate bank and investment accounts. Cash deposits insured by the federal government totaled \$250,000 at June 30, 2021.

Cash consisted of the following at June 30, 2021:

Montecito Bank & Trust	\$	728,010
Petty cash		245
Subtotal cash in banks and on hand		728,255
Less donor restricted cash		(3,851)
Total operating cash	\$	724,404

Note 3 - Concentrations

Concentrations of accounts receivable are as follows:

	Amount	% of Total
VOCA XY Contract	\$ 49,191	43.6%
Judicial Council of California	16,218	14.4%
Family First	15,000	13.3%
VOCA KS Contract	14,140	12.5%
All other	18,300	16.2%
Total accounts receivable	\$ 112,849	100.0%

Concentrations of support and revenues are as follows:

Foundation grants	\$ 321,805	15.6%
Government grants	591,086	28.6%
Individuals	435,791	21.1%
Promises to give	698	0.0%
Special events	57,123	2.8%
In-kind contributions	658,267	31.9%
Investment income	441	0.0%
Total support and revenues	\$ 2,065,211	100.0%

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2021

Note 4 - Promises to Give

Unconditional promises to give consists of multiple year contributions from individuals at June 30, 2021.

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>\$ 11,500</u>	<u>\$ 5,000</u>	<u>\$ (878)</u>	<u>\$ 4,122</u>	<u>\$ 15,622</u>

Note 5 - Grant Commitments Receivable

Grant commitments not yet billed as of June 30, 2021 as are follows:

VOCA XY Contract	\$ 135,428
CACC (Calico)	38,700
VOCA KS Contract	32,188
Judicial Council of California Grant	16,218
National CASA Grant	12,200
Total grant commitments receivable	<u>\$ 234,734</u>

Note 6 - Fixed Assets

Fixed assets activity for the fiscal year ended June 30, 2021, is detailed in the following schedule.

	Beginning Balance	Additions	Disposals	Ending Balance
Leasehold improvements	\$ 214,574	\$ -	\$ -	\$ 214,574
Furniture and fixtures	92,491	1,963		94,454
Computer equipment	24,102	2,777		26,879
Website and software	17,101			17,101
Vehicle	52,529	1,800		54,329
Fixed assets at cost	400,797	6,540		407,337
Less: Accumulated depreciation	257,515	21,909		279,424
Net fixed assets	<u>\$ 143,282</u>	<u>\$ (15,369)</u>	<u>\$ -</u>	<u>\$ 127,913</u>

Note 7 - Investments

The cost basis of investments, and cumulative gains and losses at June 30, 2021, is as follows:

	Cost	Fair Value
Investments in marketable securities:		
Investment cash and money market funds	\$ 337,369	\$ 337,369
Certificates of deposit	50,000	50,039
Accrued interest	331	331
Total investments	387,700	<u>\$ 387,739</u>
Cumulative unrealized gains	39	
Investments at fair value	<u>\$ 387,739</u>	

Investment income for the fiscal year ended June 30, 2021, consisted of the following:

Interest and dividends	\$ 2,303
Net realized loss	(1,901)
Unrealized gains	39
Net investment income	<u>\$ 441</u>

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2021

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, 2021.

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, 2021.

	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	\$ 337,369	\$ 337,369	\$ -	\$ -
Certificates of deposit	50,039	50,039		
Accrued interest	331	331		
Total assets stated at fair value	<u>\$ 387,739</u>	<u>\$ 387,739</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2021 are:

Financial Assets:

Cash on hand and in banks	\$ 728,255
Accounts receivable	112,849
Grant commitments receivable	234,734
Promises to give	15,622
Total financial assets	<u>1,091,460</u>
Less: restricted long-term promises to give and Kids Fund	(19,473)
Less: unavailable grant commitments receivable	(234,734)
Amounts available for expenditure within one year	<u>\$ 837,253</u>

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.

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2021

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, 2021, is detailed in the following schedule.

	Beginning Balance	Funds Received	Funds Released	Ending Balance
Donor restricted net assets:				
Kid's Fund	\$ 6,221	\$ 65,052	\$ (67,422)	\$ 3,851
Promises to give	56,924		(41,302)	15,622
	<u>\$ 63,145</u>	<u>\$ 65,052</u>	<u>\$ (108,724)</u>	<u>\$ 19,473</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%. Forgiveness was submitted and approved after year-end on July 30, 2021 in full plus accrued unpaid interest. A second PPP loan for an additional \$160,000 was applied for and obtained from Montecito Bank & Trust on March 17, 2021. The loan terms are similar to the original PPP loan and since CASA has used the proceeds on eligible salaries and benefits and the loan was received due to a decline in donations, full forgiveness has been applied for and is expected.

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>\$ 98,748</u>	<u>\$ 41,625</u>	<u>\$ 57,123</u>

Special event proceeds plus in-kind contributions attributed to the events totaled \$103,748, for the fiscal year ended June 30, 2021. These amounts are recorded as contributions in the accompanying statement of activities. See Note 14 for in-kind contributions for the special events.

Note 14 - Contributions In-kind

During the fiscal year ended June 30, 2021, volunteer court appointed special advocates provided 18,324.87 hours of professional services valued at \$29.95 per hour for the first six months, and \$31.15 for the last six months of the fiscal year, according to California Judicial Council's annual valuation. CASA also received office space, advertising, and items for special events as in-kind contributions. Contributions in-kind for the fiscal year ended June 30, 2021, are as follows:

Court appointed special advocates services	\$ 559,877
Office and storage space	36,540
Kid's Fund toys, clothing, quilts, tickets, books	56,850
Special events advertising	<u>5,000</u>
Total contributions in-kind	<u>\$ 658,267</u>

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2021

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 Adjustment

An adjustment of \$35,622 was made to the Statement of Activities to correct for end of the year payroll that was accrued as a liability and at the same time also as uncleared checks in the bank reconciliation which doubled the expense reported in the prior fiscal year.