



*Financial Statements
June 30, 2021 and 2020*

C O N T E N T S

	<u><i>Page(s)</i></u>
<i>Independent Auditors' Report</i>	1 - 2
<i>Financial Statements</i>	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5 - 6
Statements of cash flows	7
Notes to financial statements	8 - 17
<i>Supplementary Information</i>	
Schedules of Proposition 10 revenues and expenditures	18



Independent Auditors' Report

Board of Directors
Court Appointed Special Advocates of Kern County (CASA)
Bakersfield, California

We have audited the accompanying financial statements of Court Appointed Special Advocates of Kern County (CASA), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 from 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Proposition 10 Revenues and Expenses on page 18 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**BARBICH HOOPER KING
DILL HOFFMAN
Accountancy Corporation**



Bakersfield, California
December 14, 2021

Court Appointed Special Advocates of Kern County (CASA)

*Statements of Financial Position
June 30, 2021 and 2020*

ASSETS	2021	2020
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 773,481	\$ 533,989
Unconditional promises to give, current portion	55,000	35,000
Grants receivable	88,395	52,700
Prepays and other assets	10,083	8,855
Contributions receivable	-	11,400
Short-term investments	-	50,000
	926,959	691,944
<i>Property and Equipment</i> , net of accumulated depreciation	89,574	40,954
<i>Investments</i>	161,225	138,231
<i>Unconditional Promises to Give</i> , less current portion	313,340	293,895
	\$ 1,491,098	\$ 1,165,024
<i>LIABILITIES AND NET ASSETS</i>		
<i>Current Liabilities:</i>		
Accounts payable	\$ 10,362	\$ 9,223
Unearned revenue	12,000	-
Other accrued liabilities	33,608	30,465
	55,970	39,688
<i>Long-Term Debt</i>	100,000	100,000
<i>Net Assets:</i>		
With donor restrictions	528,200	630,365
Without donor restrictions	806,928	394,971
	1,335,128	1,025,336
	\$ 1,491,098	\$ 1,165,024

See Notes to Financial Statements.

Court Appointed Special Advocates of Kern County (CASA)

*Statements of Activities
For the Years Ended June 30, 2021 and 2020*

	<i>2021</i>	<i>2020</i>
<i>Net assets without donor restrictions:</i>		
Contributions from public	\$ 308,562	\$ 319,899
In-kind contributions	303,823	280,911
Contributions - foundations and groups	85,125	86,935
Net realized and unrealized gain on investments	22,994	4,055
Miscellaneous income	4,374	4,645
Interest income	169	-
Gain from forgiveness of PPP loan	100,000	-
	825,047	696,445
Special events	170,594	181,368
Expenses	(29,716)	(36,141)
In-kind expenses	(9,680)	(2,561)
	131,198	142,666
Total income without donor restrictions	956,245	839,111
Net assets released from restrictions	725,224	314,080
Total support without donor restrictions	1,681,469	1,153,191
<i>Expenses:</i>		
Advocate	888,635	863,737
Fund-raising	145,277	173,820
Management and general	235,600	229,903
Total expenses	1,269,512	1,267,460
Increase (decrease) in net assets without donor restrictions	411,957	(114,269)
<i>Net assets with donor restrictions:</i>		
Contributions - foundations and groups	623,059	772,089
Net assets released from restrictions	(725,224)	(314,080)
Increase (decrease) in net assets with donor restrictions	(102,165)	458,009
<i>Change in net assets</i>	309,792	343,740
<i>Net assets, beginning of year</i>	1,025,336	681,596
<i>Net assets, end of year</i>	\$ 1,335,128	\$ 1,025,336

See Notes to Financial Statements.

Court Appointed Special Advocates of Kern County (CASA)

***Statements of Functional Expenses
For the Years Ended June 30, 2021 and 2020***

	2021			
	<i>Advocate</i>	<i>Fund - Raising</i>	<i>Management and General</i>	<i>Total</i>
<i>Compensation and related expenses:</i>				
Salaries and wages	\$ 400,517	\$ 85,863	\$ 103,676	\$ 590,056
Advocate services	261,146	-	-	261,146
Payroll taxes	29,180	10,345	6,104	45,629
	<u>690,843</u>	<u>96,208</u>	<u>109,780</u>	<u>896,831</u>
Advertising	16,160	5,641	611	22,412
Bank charges	-	2,558	5,285	7,843
CASA Clubhouse	21,109	-	-	21,109
CASA Clubhouse rent	8,743	-	-	8,743
Children's programs	5,108	-	50	5,158
Conferences and retreats	4,643	121	1,256	6,020
Depreciation	5,004	-	11,053	16,057
Employee benefits	30,920	3,709	21,823	56,452
Equipment maintenance and repairs	638	244	3,675	4,557
Insurance	8,517	2,710	1,908	13,135
Membership and publications	1,890	516	614	3,020
Miscellaneous	967	30	(246)	751
Office supplies	7,685	79	6,218	13,982
Postage	959	2,476	1,577	5,012
Printing and copying	2,979	2,979	542	6,500
Professional and legal services	2,908	8,245	48,140	59,293
Travel and community relations	4,167	1,708	482	6,357
Rent	45,378	14,438	11,887	71,703
Staff and board development	1,072	109	3,543	4,724
Taxes	-	20	150	170
Telephone	7,002	1,555	1,968	10,525
Training	9,491	-	-	9,491
Utilities	6,069	1,931	5,284	13,284
Volunteer and donor appreciation	6,383	-	-	6,383
	<u>\$ 888,635</u>	<u>\$ 145,277</u>	<u>\$ 235,600</u>	<u>\$ 1,269,512</u>

See Notes to Financial Statements.

	2020			
	<i>Advocate</i>	<i>Fund - Raising</i>	<i>Management and General</i>	<i>Total</i>
<i>Compensation and related expenses:</i>				
Salaries and wages	\$ 389,725	\$ 111,717	\$ 87,442	\$ 588,884
Advocate services	254,058	-	-	254,058
Payroll taxes	29,898	9,333	4,292	43,523
	<u>673,681</u>	<u>121,050</u>	<u>91,734</u>	<u>886,465</u>
Advertising	9,186	6,478	224	15,888
Bank charges	410	-	5,488	5,898
Children's programs	9,374	445	-	9,819
Conferences and retreats	3,938	1,000	787	5,725
Depreciation	-	-	16,308	16,308
Employee benefits	35,839	8,771	23,764	68,374
Equipment maintenance and repairs	333	-	2,710	3,043
Insurance	8,894	2,830	2,026	13,750
Membership and publications	1,753	370	49	2,172
Miscellaneous	5,366	25	4,550	9,941
Office supplies	10,337	82	12,832	23,251
Postage	1,587	2,953	735	5,275
Printing and copying	3,240	3,847	259	7,346
Professional and legal services	10,584	4,563	44,719	59,866
Travel and community relations	5,117	2,363	2,698	10,178
Rent	44,986	14,314	10,272	69,572
Staff and board development	12,926	330	2,647	15,903
Taxes	-	20	250	270
Telephone	6,595	2,684	1,014	10,293
Training	9,307	-	17	9,324
Utilities	5,207	1,695	6,820	13,722
Volunteer and donor appreciation	5,077	-	-	5,077
	<u>\$ 863,737</u>	<u>\$ 173,820</u>	<u>\$ 229,903</u>	<u>\$ 1,267,460</u>

Court Appointed Special Advocates of Kern County (CASA)

*Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020*

	<i>2021</i>	<i>2020</i>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 309,792	\$ 343,740
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	16,057	16,308
Gain from forgiveness of PPP loan	(100,000)	-
Net gain on investments	(22,994)	(4,055)
<i>Changes in operating assets and liabilities:</i>		
Contributions receivable	11,400	35,268
Unconditional promises to give	(39,445)	(328,895)
Grants receivable	(35,695)	(7,433)
Prepays and other assets	(1,228)	(2,219)
Accounts payable	1,139	4,204
Unearned revenue	12,000	(15,500)
Other accrued liabilities	3,143	(17,161)
Net cash provided by operating activities	154,169	24,257
<i>Cash flows used in investing activities:</i>		
Proceeds from maturity of short-term investments	50,000	-
Purchase of property and equipment	(64,677)	(16,811)
Net cash used in investing activities	(14,677)	(16,811)
<i>Cash flows from financing activities:</i>		
Proceeds from long-term debt	100,000	100,000
<i>Net increase in cash and cash equivalents</i>	239,492	107,446
<i>Cash and cash equivalents at beginning of year</i>	533,989	426,543
<i>Cash and cash equivalents at end of year</i>	\$ 773,481	\$ 533,989
<i>Supplemental disclosure of cash flow information:</i>		
<i>Noncash investing activities</i>		
Reinvestment of short-term investments from maturity of short-term investments	\$ -	\$ 50,000

See Notes to Financial Statements.

Court Appointed Special Advocates of Kern County (CASA)

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of services provided:

Court Appointed Special Advocates of Kern County (CASA) (the Organization) is a non-profit organization which began operations in 1994. The Organization speaks for abused and neglected children and youth in the juvenile dependency process. Through the use of highly trained volunteers, the Organization seeks to provide every young person who needs an advocate with a voice in the court process.

The Organization is governed by a voluntary board of directors. In addition to the donated time associated with being board members of the Organization, the directors often contribute financial support as well. This support is reflected as donated professional services provided through the member's businesses or occupations and cash support.

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. CASA is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on CASA's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on CASA's grantors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact CASA's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Basis of accounting:

Assets and liabilities, and revenue and expenses are recognized on the accrual basis of accounting.

Budgetary procedures:

The executive director of the Organization prepares the budget for review by the Budget Committee and the Finance Committee; the proposed budget is then submitted to the Board of Directors for approval on an annual basis.

Use of estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements

Revenue recognition:

Contributions are recognized as revenue when they are received or unconditionally pledged.

Basis of presentation:

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Income taxes:

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Since the Organization is exempt from income tax liability, no provision is made for current or deferred tax expense. Annual income returns filed with Federal and state governments use the same accounting methods as those used for financial reporting. The Organization is no longer subject to Federal or state government tax authorities’ examinations for the years before 2017 and 2016, respectively.

Cash and cash equivalents:

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less at the time of purchase to be cash equivalents.

Grants receivable:

The Organization is a recipient of grants that require expenditure for specified activities before the Organization is reimbursed by the grantor for these costs. Grants receivable are stated at the amount management expects to collect from outstanding grant balances. Based on management’s assessment of receivables it has concluded that an allowance is not necessary. At June 30, 2021 and 2020, grants receivable consist of amounts due from government agencies.

Notes to Financial Statements

Property and equipment:

Donations of property and equipment are recorded as support at their estimated fair value. Purchased assets are recorded at cost. The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is computed by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Office furniture and equipment	5 - 10
Leasehold improvements	4

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

Investments:

Investments with readily determinable fair values are stated at fair value. Unrealized gains and losses are included in the change in net assets without donor restrictions in the accompanying statements of activities. Donated investments are reported by the Organization at the fair value on the date of donation.

Unearned revenue:

Revenues from ticket sales and special events, which are received in advance of the related fund-raising event, are deferred as unearned revenue in the statements of financial position.

Contributions:

The Organization receives contributions and grants from different public sources, including individuals, businesses, community organizations, and affiliated agencies. Contributions also include sponsorship revenue earned from fund-raising events.

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. 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 statements of activities as net assets released from restrictions. Contributions having donor stipulations that are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. Contributions that are originally restricted by the donor and for which the restriction is met in a subsequent time period are recorded as revenue with donor restrictions in the year received and then released from restrictions in a subsequent time period.

Donations of property and equipment are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. If the donor does not stipulate how long those donated assets must be maintained, the

Notes to Financial Statements

Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Unconditional gifts expected to be collected within a year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized and is reported as contribution revenue.

Advertising:

The Organization follows the policy of charging costs of advertising to expense as incurred. Advertising expense was \$22,412 and \$15,888 for the years ended June 30, 2021 and 2020, respectively.

Functional allocation of expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Accordingly, these costs have been allocated among the programs and supporting services benefitted based on management's estimate.

Donated materials and services:

Donated professional services of \$27,505 and \$18,550 were recognized as in-kind revenue for the years ended June 30, 2021 and 2020, respectively. Donated advocate services of \$261,146 and \$254,058 were recognized as in-kind revenue for the years ended June 30, 2021 and 2020, respectively. Total donated fundraising supplies for the years ended June 30, 2021 and 2020 were \$9,680 and \$2,561, respectively. Other in-kind contributions in program, or general and administrative were \$5,492 and \$5,742 for the years ended June 30, 2021 and 2020, respectively. Total donated services, products, and supplies received by the Organization for the years ended June 30, 2021 and 2020 were \$303,823 and \$280,911, respectively. These donations eliminated the need to purchase services and supplies that are necessary for management, fund-raising and program services and are reflected in the statements of activities and functional expenses.

No amounts have been reflected in the financial statements for donated volunteer services, other than advocate services, since no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund-raising campaigns.

Notes to Financial Statements

Recently adopted accounting pronouncements:

During the year ended June 30, 2021, the Organization adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of the standard did not have a material effect on the Organization's financial statements.

Recently issued accounting pronouncements:

In February 2016, ASU 2016-02, *Leases (Topic 842)* was issued. The standard changes the accounting for leases, primarily by the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current generally accepted accounting principles (GAAP). The amendments in this ASU are effective for fiscal years beginning after December 15, 2021. The Organization has not adopted this ASU as of June 30, 2021. Management is currently evaluating the impact the adoption of the new standard have on the Organization's financial statements and has yet to assess the full impact of this guidance.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021, and for interim periods within annual periods beginning after June 15, 2022. The adoption of ASU 2020-07 is not expected to have a significant impact on the Organization's financial statements.

Note 2. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Working checking account	\$ 454,447	\$ 414,199
Savings account	5,076	5,074
Money market accounts	312,505	112,345
Board checking account	1,153	871
Petty cash	300	300
Certificate of deposit - interest account	-	1,200
	<u>\$ 773,481</u>	<u>\$ 533,989</u>

Notes to Financial Statements

The Organization maintains bank accounts with multiple financial institutions. The FDIC amount of coverage is up to \$250,000. The Organization had amounts in excess of the FDIC coverage at June 30, 2021.

Note 3. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	<i>2021</i>	<i>2020</i>
Cash and cash equivalents	\$ 773,481	\$ 533,989
Contribution receivable	-	11,400
Grant receivables	88,395	52,700
Unconditional promises to give	55,000	35,000
Short-term investments	-	50,000
Investments	161,225	138,231
Unconditional promises to give, long-term	313,340	293,895
Total financial assets	1,391,441	1,115,215
Less amounts not available to be used within one year:		
Net assets with donor restrictions	528,200	630,365
Financial assets available to meet general		
expenditures over the next twelve months	\$ 863,241	\$ 484,850

The Organization 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. As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in certificates of deposit and exchange-traded funds.

Note 4. Unconditional Promises to Give

At June 30, 2021 and 2020, unconditional promises to give consisted of the following:

	<i>2021</i>	<i>2020</i>
Unconditional promises to give, due within one year	\$ 55,000	\$ 35,000
Unconditional promises to give, due in more than one year	\$ 340,000	\$ 315,000
Unamortized discount on unconditional promises	(26,660)	(21,105)
	\$ 313,340	\$ 293,895

Notes to Financial Statements

The effective interest rate is the U.S. Treasury rate at June 30, 2021 and 2020 of 2.0% and 1.41%. The unconditional promises to give were restricted for the Organization's Family Connections Program and were donations of: annual installments of \$35,000 for 10 years with 9 years remaining as of June 30, 2021, and two donations of \$10,000 per year for 5 years with 4 years remaining on each as of June 30, 2021.

Note 5. Grants Receivable

Grants receivable consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Judicial Council of California	\$ 23,776	\$ 25,427
VOCA	35,036	23,532
Title IV	2,332	3,741
Prop 10	27,251	-
	<u>\$ 88,395</u>	<u>\$ 52,700</u>

Note 6. Investments

Investments consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Short-Term Investments		
Certificate of deposit - less than 1 year maturity	\$ -	\$ 50,000
Investments		
Exchange-traded funds	<u>\$ 161,225</u>	<u>\$ 138,231</u>

Note 7. Property and Equipment

Property and equipment consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Leasehold improvements (Clubhouse)	\$ 60,053	\$ -
Office furniture and equipment	131,687	136,058
	191,740	136,058
Less accumulated depreciation	(102,166)	(95,104)
	<u>\$ 89,574</u>	<u>\$ 40,954</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$16,057 and \$16,308, respectively.

Note 8. Fair Value Measurements

The FASB defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its financial instruments based on the fair value hierarchy established by the FASB, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value: Level 1 – Values are based upon quoted prices in active markets for

Notes to Financial Statements

identical assets or liabilities; Level 2 – Values are based on 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 of substantially the full term of the assets or liabilities; Level 3 – Values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable. Determination of the fair value requires significant management judgment or estimation.

Certificates of deposit: The carrying amount approximates fair value because of the short maturities of those investments.

Exchange-traded funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Unconditional promises to give: expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique.

Fair values of certificates of deposit and exchanged-traded funds measured on a recurring basis at June 30, 2021 and 2020 are Level 1. Unconditional promises to give are Level 3. Activity on unconditional promises to give for the years ended June 30, 2021 and 2020 was as follows:

	<i>Unconditional Promises to Give</i>
<i>Balance June 30, 2019</i>	\$ -
Promises to give	350,000
Change in present value	(21,105)
<i>Balance June 30, 2020</i>	<u>\$ 328,895</u>
Promises to give	100,000
Receipts on promises to give	(55,000)
Change in present value	(5,555)
<i>Balance June 30, 2021</i>	<u><u>\$ 368,340</u></u>

Note 9. Long-Term Debt

During 2020, the Organization received loan proceeds in the amount of \$100,000 under the Paycheck Protection Program (PPP), from Citizens Bank as part of the Coronavirus Aid, Relief and Economic Securities Act (CARES Act) as administered and guaranteed by the United States Small Business Administration (SBA). Under the PPP, the loan balance and accrued interest may be forgiven if the borrower uses the loan proceeds for eligible purposes during a specified time frame following the date of the loan disbursement. Any unforgiven portion of the PPP loan would be payable over two years at an interest rate of 1%. The loan is unsecured and did not require any guarantees. In March 2021, the SBA notified the Company the entire loan balance of \$100,000 was forgiven as authorized by the CARES Act. The amount of gain from forgiveness is included in gain from PPP loan forgiveness for the year ended June 30, 2021.

Notes to Financial Statements

The Organization received a second PPP loan of \$100,000 on February 26, 2021. This loan bears an interest rate of 1% with a maturity date of February 2026. Forgiveness for this loan was received subsequent to year end on July 20, 2021. The Organization will recognize the income from the forgiveness of the second PPP loan during the year ended June 30, 2022.

Note 10. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Advocate program support expenses	\$ 159,860	\$ 301,470
Family Connections program	368,340	328,895
	<u>\$ 528,200</u>	<u>\$ 630,365</u>

Note 11. Pension Plan

The Organization has a 401(k) Plan covering all eligible employees effective July 1, 2014. Participation in the pension plan is at the employee's discretion provided an eligible employee received compensation from the Organization. Employees may contribute up to the maximum legal amount. The Organization may make a discretionary matching contribution. For the years ended June 30, 2021 and 2020, the Organization's match contributions were \$3,205 and \$2,640, respectively. Contributions are currently funded.

Note 12. Commitments

The Organization entered into an agreement to rent office space effective October 31, 2015. Rent expense under the existing lease is \$4,680 per month for the first five years and \$5,148 per month for the second five years, expiring October 31, 2025. The Organization entered into an amended agreement on October 14, 2020 to rent additional office space effective January 1, 2021. Rent expense under the amended lease is an additional \$2,186 per month for the first year, increasing by 3% per year, expiring December 31, 2025. Rent expense under these agreements for the years ended June 30, 2021 and 2020 was \$90,711 and \$56,160, respectively.

Aggregate minimum commitments under this lease is as follows:

<u>Years ending June 30,</u>	
2022	\$ 88,398
2023	89,196
2024	90,019
2025	90,866
2026	35,352
	<u>\$ 393,831</u>

Notes to Financial Statements

Note 13. Subsequent Events

The Organization has evaluated events and transactions subsequent to June 30, 2021 through December 14, 2021, the date of the independent auditors' report, noting no other significant items requiring further discussion.

Supplementary Information

Court Appointed Special Advocates of Kern County (CASA)

*Schedules of Proposition 10 Revenues and Expenditures
For the Years Ended June 30, 2021 and 2020*

	<u>2021</u>	<u>2020</u>
<i>Grant Contributions:</i>		
Proposition 10 contributions	\$ 58,069	\$ -
<i>Expenses:</i>		
Salaries and wages	37,317	-
Overhead	6,558	-
Payroll taxes	4,851	-
Advocate training	4,716	-
Children's activities	3,063	-
	<u>56,505</u>	<u>-</u>
<i>Excess of contributions over expenses</i>	<u>\$ 1,564</u>	<u>\$ -</u>