

Chelan-Douglas Counties CASA/GAL Program

Financial Statements

(A Compilation)

December 31, 2021

## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors of  
Chelan-Douglas Counties CASA/GAL  
Wenatchee, Washington

Management is responsible for the accompanying financial statements of Chelan-Douglas CASA/GAL (a non-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Cashmere, WA  
August 25, 2022

Chelan-Douglas Counties CASA/GAL Program  
 STATEMENT OF FINANCIAL POSITION  
 For the Year Ended December 31, 2021

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ASSETS

	<u>2021</u>
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 241,024
Restricted Cash	53,590
Accounts Receivable	4,314
Certificates of Deposit - Short Term	<u>99,899</u>
Total Current Assets	398,827
<b>INVESTMENTS</b>	
Investments: CD Long-Term	111,816
<b>PROPERTY AND EQUIPMENT</b>	
Right-of-Use Assets - Operating Leases	72,414
Equipment & Furniture	8,717
Less Accumulated Depreciation	<u>(7,470)</u>
Total Property and Equipment	73,661
<b>TOTAL ASSETS</b>	<u><u>\$ 584,304</u></u>

LIABILITIES AND NET ASSETS

	<u>2021</u>
<b>CURRENT LIABILITIES</b>	
Accrued Liabilities	3,370
Current Portion of Lease Obligation-Operating	<u>14,964</u>
Total Current Liabilities	18,334
<b>LONG-TERM LIABILITIES</b>	
Long-term Lease Obligations-Operating	57,450
<b>NET ASSETS</b>	
Without Donor Restrictions	467,281
With Donor Restrictions	<u>41,239</u>
Total Net Assets	<u>508,520</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 584,304</u></u>

Chelan-Douglas Counties CASA/GAL Program  
 STATEMENT OF ACTIVITIES  
 For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2021 Total
<b>PUBLIC SUPPORT</b>			
Fundraising	\$ 101,824	\$ 50	\$ 101,874
Contributions	67,156	308	67,464
Grants	106,243		106,243
<b>Total Public Support</b>	<b>275,223</b>	<b>358</b>	<b>275,581</b>
<b>REVENUE</b>			
Service Contracts	213,258	-	213,258
In-Kind Donations	572	-	572
Miscellaneous	2,179	-	2,179
Interest Income	3,209	-	3,209
<b>Total Revenue</b>	<b>219,218</b>	<b>-</b>	<b>219,218</b>
Public Support & Revenue before temporarily restricted assets	494,441	358	494,799
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL PUBLIC SUPPORT &amp; REVENUE</b>	<b>494,441</b>	<b>358</b>	<b>494,799</b>
<b>EXPENDITURES</b>			
Program Services	370,985	332	371,317
Management & General Services	23,927	-	23,927
Fundraisers	5,241	-	5,241
<b>TOTAL EXPENDITURES</b>	<b>400,152</b>	<b>332</b>	<b>400,484</b>
CHANGE IN NET ASSETS	94,289	26	94,315
NET ASSETS AT BEGINNING OF YEAR	372,992	41,213	414,205
NET ASSETS AT END OF YEAR	\$ 467,281	\$ 41,239	\$ 508,520

Chelan-Douglas Counties CASA/GAL Program  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For the Year Ended December 31, 2021

	2021			
	Program Services	Management & General	Fundraiser	Total
Compensation	\$ 256,100	\$ 2,571	\$ -	\$ 258,671
Employee Benefits & Payroll Taxes	30,757	5,150	-	35,907
<b>Total Compensation, Employee Benefits &amp; Payroll Taxes</b>	<b>286,857</b>	<b>7,721</b>	<b>-</b>	<b>294,578</b>
Staff & Volunteer Training	2,690	-	55	2,745
Rent & Leases	15,148	2,412	-	17,560
Professional Services	200	4,330	-	4,530
Volunteer Recruitment	12,081	607	-	12,688
Insurance	7,437	-	-	7,437
Child Enrichment Fund	6,887	-	-	6,887
Dues & Subscriptions	5,125	611	-	5,736
Miscellaneous	11,778	108	-	11,886
Education & Awareness	10,831	-	-	10,831
Office Expenses	348	3,949	269	4,566
Fundraising Expense	371	-	4,885	5,256
Telephone	2,438	530	-	2,968
Repairs & Maintenance	2,693	1,470	-	4,163
Postage & Delivery	937	322	32	1,291
Bank Fees	67	974	-	1,041
Scholarships	308	-	-	308
Casework Expenses	609	-	-	609
Utilities	556	259	-	815
In-Kind Donations	572	-	-	572
Employee/Volunteer Appreciation	1,388	105	-	1,493
Depreciation	646	-	-	646
Travel	386	528	-	914
Data Security	525	-	-	525
Interest Expense	439	-	-	439
<b>Total Expenditures</b>	<b>\$ 371,317</b>	<b>\$ 23,926</b>	<b>\$ 5,241</b>	<b>\$ 400,484</b>

Chelan-Douglas CASA/GAL Program  
 STATEMENTS OF CASH FLOWS  
 For the Year Ended December 31, 2021

	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in Net Assets	\$ 91,106
Adjustments to reconcile increase in Net Assets to Net Cash provided by Operating Activities:	
Depreciation	646
(Increase) in Operating Assets	
Accounts Receivable	(122)
(Decrease) in Operating Liabilities	
Payroll Liabilities	<u>(1,429)</u>
<b>Net Cash Provided by Operating Activities</b>	90,201
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Earned	3,209
(Increase) in Long Term Certificate of Deposits	<u>(1,533)</u>
<b>Net Cash Provided by Investing Activities</b>	1,676
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on long-term debt	<u>(36,261)</u>
<b>Net Cash Used by Financing Activities</b>	<u>(36,261)</u>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	55,616
<b>CASH &amp; CASH EQUIVALENTS-BEGINNING</b>	<u>238,998</u>
<b>CASH &amp; CASH EQUIVALENTS-ENDING</b>	<u>\$ 294,614</u>

NOTE 1 – ORGANIZATION AND OPERATIONS

Chelan-Douglas Counties CASA/GAL (the Organization) is a Washington not-for-profit organization formed in 1994 and whose principal place of operations is in Wenatchee, Washington.

*Nature of Activities*

The CASA program uses professionally trained volunteers to advocate for the best interests of children who have experienced abuse and neglect. Best interest advocacy means forming a one-on-one relationship with the child and getting to know the full picture of the case by learning about the child and their family and life; engaging with the child during regular visits; speaking up for the child in court; making recommendations regarding the child’s placements and needed services; monitoring the child’s situation until the case is closed by the court; collaborating with others to ensure that the necessary services are provided; and reporting all that one has learned and observed to the court. Volunteer advocates provide objective facts, observations, and critical information to the court so that a judge can make the most well-informed decisions about what is in the best interests of the child when deciding what type of series, actions, and orders will best serve the child, as well as, who is best suited to take care of the child.

Chelan-Douglas CASA Program:

*Mission:* Chelan-Douglas CASA equips and empowers court-appointed volunteers to advocate for the best interests of children and youth who have endured abuse or neglect so that they will have safety, permanency, and wellbeing.

*Vision:* A world where every child thrives in a safe and loving home free from abuse and neglect.

*Ethics:* It is CASA’s duty to promote the safety and well-being of the children they serve. They shall protect children from abuse and from practices that are emotionally and physically damaging, disrespectful degrading, dangerous, exploitative, or intimidating.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statement Presentation

The financial statements are presented in conformity with Accounting Standards Codification (ASC) 958-205-05-6, Not-For-Profit Entities – Presentation of Financial Statements. Under ASC 958-205-05-6, the Organization reports information regarding its financial position and activities according to two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions.

*Net Assets without Donor Restrictions*

Unrestricted net assets that are neither permanently nor temporarily restricted by donors.

General unrestricted net assets bear no donor or board limitations. The use of these funds is determined by the Board of Directors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

A. Financial Statement Presentation – continued

*Net Assets without Donor Restrictions* – continued

Designated by the Board of Directors are net assets assigned by the Board of Directors for various purposes. The Board of Directors has not added and released funds this current fiscal year.

*Net Assets with Donor Restrictions*

Net Assets with Donor Restrictions combines two net asset classifications: temporarily restricted and permanently restricted.

Temporarily restricted net assets represent assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted or permanently restricted net assets. See Note 6 - Net Assets with Donor Restrictions for the changes that have occurred in the year ended December 31, 2021.

Permanently restricted net assets represent assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. Currently, the Organization does not have any permanently restricted net assets.

B. Grant and Government Funding

Revenue received from cost-reimbursable government grants is recognized when expenses have been incurred. Funding from all government sources is considered to be unrestricted as long as it is expended under contract guidelines and is expended in the period for which it is contracted.

The receivable from the Chelan Douglas Administrative Offices of the Court consists of funds that have been earned but not yet received.

C. Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all unrestricted highly liquid investments available for current use with an initial maturity of twelve months or less to be cash equivalents.

Chelan-Douglas Counties CASA/GAL Program maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash.

D. Federal Income Tax

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.



NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Federal Income Tax - continued

For the year ended December 31, 2021, the Organization has documented its consideration of GASB ASC 740-10, Income Taxes, which provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. No provision for income taxes is required for the year ended December 31, 2021, as the Organization has no unrelated business income.

The Organization's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed. The tax returns for 2018, 2019, and 2020 are open for examination.

E. Contributions

Contributions, including fundraiser proceeds and private foundation grants, are recognized in full when received or unconditionally promised, in accordance with ASC 958-605, Not-for-Profit Entities – Revenue Recognition. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. See Notes 6 – Board of Directors' Designated Net Assets and 7 – Net Assets with Donor Restrictions of these statements.

Donated goods and services are recorded at their estimated fair market value. See Note 3 – Donated Services, Supplies, and Materials.

F. Property and Equipment

Equipment acquisitions are recorded at cost and donated property is recorded at fair value. The shelter and shelter improvements are being depreciated using the straight-line method over the useful life of the asset which are from five to seven years. The Organization capitalizes all expenditures for land, building, furniture and equipment, and leasehold improvements in excess of \$1,000. The fair value of donated assets is similarly capitalized. Expenditures and related betterments that extend the useful lives of the assets are capitalized. Expenditures for maintenance and repairs, including planned major maintenance activities, are charged to expense as incurred. Upon dispositions of an asset, its cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

H. Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

I. Concentration of Risk

The Organization receives grants from the federal, state, and local governments and funds from the general public in the North Central Washington region.

The Organization contracts out to Chelan and Douglas counties to provide services for advocates for children in each county's court.

J. Concentration of Revenues

The Organization received approximately 43% of its revenues from Service Contracts, 14% from Contributions, 21% from Grants, 21% from Fundraising, and 1% from other sources for the year ended December 31, 2021.

K. Advertising Costs

The Organization expenses advertising costs as incurred or the first time the advertising takes place. The organization did not incur advertising costs for 2021. No advertising costs were capitalized as of December 31, 2021.

L. Newly Adopted Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-08 – *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance applies to all entities that receive or make contributions. This ASU includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. ASU No. 2018-08 also provides a framework to determine whether a contribution is conditional or unconditional, which may impact the timing of revenue recognition. Under the new guidance, if a transaction is considered an exchange transaction, it is accounted for under the applicable revenue recognition standards. In their financial year 2019, the Organization adopted this standard prospectively for contributions received for the year ended December 31, 2019. The portion of ASU 2018-08 related to contributions made was implemented for the year ended December 31, 2021, and resulted in no changes to the way the related expenses are recorded.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* that requires a lessee to recognize on the statement of financial position a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term, regardless of classification of a lease as an operating or finance lease. The Organization adopted ASU 2016-02 on January 1, 2020, using the modified retrospective approach for operating leases, with a term greater than 12 months.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

L. Newly Adopted Accounting Pronouncements – continued

The Organization also elected the package of practical expedients permitted under the new standard that allowed the Organization to carry forward historical lease classification for existing leases on the adoption date and allowed the Organization not to assess whether an existing contract contains a lease or initial direct costs. As permitted by the guidance, prior periods will not be adjusted under this method.

The adoption of this standard resulted in recognition of operating lease assets in the amount of \$88,231 and lease liabilities in the amount of \$88,231 for operating leases on the statement of financial position as of December 31, 2020. No existing deferred rent existed as of December 31 2019, per superseded ASC Topic 840, therefore no adjustment is needed to the initial measurement of operating lease assets. There was no material impact on the statement of activities, statement of functional expenses, or statement of cash flows.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 requires amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Organization has adopted ASU 2016-18 retrospectively for the period presented. There was no material impact to the consolidated financial statements and underlying accounting as a result of this adoption.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. The Organization has adopted ASU 2016-15 and has concluded that there are no changes to the statement of cash flows.

NOTE 3 – DONATED SERVICES, SUPPLIES, AND MATERIALS

The amount of \$572 for 2021 for Goods and Services is included in In-Kind Donations as income and expenses in the Statement of Activities. The donated Goods and Services represent the approximate fair value. Examples of Goods and Services used in the various programs offered by the Organization include donations of clothing, toys, and gift cards used for the Christmas Stocking Project for which the Organization is known.

The Organization received donated services from a variety of unpaid volunteers who volunteer their time and perform a variety of tasks that assist the Organization at its facility and in the advocacy programs. The value of the volunteer effort does not satisfy the criteria necessary for recognition under generally accepted accounting principles and is not recognized in the accompanying Statement of Activity. During the year ended December 31, 2021, 7,361 hours of service and 39,541 miles of travel were donated by the Organization's volunteers and the board of directors.

NOTE 4 – LEASES

The Organization has operating leases for real estate. Leases with an initial term of twelve months or less are not recorded on the statement of financial position and are expensed as incurred.

The Organization entered into a five-year operating lease in August of 2016, for a location in Wenatchee, Washington. The lease was extended in August 2021, and an option for an additional five-year term is available with a written request, ninety (90) days prior to the lease ending date of July 31, 2026. The address of the leased space is 431 Douglas Street, Wenatchee, WA.

The rent for the first year is \$1,080 per month. An annual increase is based on the All Items Revised Consumer Price Index of Urban Wage Earners and Clerical Workers, as published by the United States Department of Labor, Bureau of Labor Statistics, for Seattle-Tacoma-Bremerton, for the preceding twelve (12) month period. The lease payment for 2021 was \$14,908 of which \$572 was an In-Kind Donation.

Operating lease right-of-use assets and lease liabilities consist of the following as of December 31, 2021:

<b>Operating Leases</b>	
Right-of-use assets:	
Operating lease assets	\$ 72,414
Lease Liabilities:	
Current operating lease liabilities	\$ 14,964
Noncurrent operating lease liabilities	48,281
Total operating lease liabilities	\$ 63,245

The aggregate future lease payments below summarize the remaining and estimated future lease payments on the agreement for operating leases as of December 31, 2021 reported on the statement of financial position:

2022	\$ 14,964
2023	\$ 15,410
2024	\$ 15,870
2025	\$ 16,350
2026	\$ 9,820
Thereafter	\$ -
Total Lease Payments	\$ 72,414
Less interest	\$ (9,169)
Present Value of Liability	\$ 63,245

Average operating lease terms and discount rate at December 31, 2021 were as follows:

Weighted average remaining lease term (years):	4.58
Weighted average discount rate:	3.0%

**NOTE 5 – BOARD OF DIRECTORS’ DESIGNATED NET ASSETS**

The Board of Directors designated \$0 net assets without donor restrictions as of December 31, 2021.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

The changes to net assets with donor restrictions consist of the following as of December 31, 2021:

Program	2020	Additions	Deletions	2021
Sports & Scholarships	\$ 52,968	\$ 358	\$ (332)	\$ 52,994

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2021:

	2020	Additions	Deletions	2021
Equipment	\$ 8,717	\$ -	\$ -	\$ 8,717
Accumulated Depreciation	\$ (6,824)	\$ (646)	\$ -	\$ (7,470)

NOTE 8 – FUNDS HELD BY THE COMMUNITY FOUNDATION OF NORTH CENTRAL WASHINGTON

The Community Foundation of North Central Washington (the “Foundation”) holds agency funds and scholarship funds for the Organization.

The Foundation has variance power over these funds which gives the Foundation the authority to administer these funds according to the original donor’s request. The Organization does not have the right to request the transfer of the funds back. Therefore, the funds are not recorded as an asset of the Organization. The amounts held by the Foundation were \$13,321 in agency funds and \$23,696 in scholarship funds for the year ended December 31, 2021.

NOTE 9 – LIQUIDITY DISCLOSURE

The Organization has financial assets available for use within one year from the statement of financial position date totaling \$345,237 which includes cash and cash equivalents totaling \$241,024, short-term investments of \$99,899, and accounts receivables of \$4,314. None of the financial assets available for use are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Certain grants, contracts, and other receivables are subject to donor-imposed time or use restrictions that will elapse within one year.

The Organization has a policy to maintain financial assets on hand equal to three months of operating expenses, which total approximately \$100,000 in the fiscal year 2021. At times, the Board of Directors designates a portion of any operating surplus to its liquidity reserve, which totaled \$131,996 on December 31, 2021. The liquidity reserve may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the Organization’s routine course of business. Additionally, the Organization has no line of credit.

NOTE 10 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 25, 2022, the date which the financial statements were available to be issued.

There were no other material subsequent events that required recognition or additional disclosure in these financial statements.

