

**Court Appointed Special Advocates  
of San Luis Obispo County**

**Audited Financial Statements**

**June 30, 2023**

**Court Appointed Special Advocates of San Luis Obispo County**

**Table of Contents**

	<u>Page</u>
Audited Financial Statements:	
Independent Auditors' Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Court Appointed Special Advocates of San Luis Obispo County  
PO Box 1168  
San Luis Obispo, California 93406

### Opinion

We have audited the accompanying financial statements of the Court Appointed Special Advocates of San Luis Obispo County (CASA) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related combined statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of CASA as of June 30, 2023, and the results of its activities for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CASA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Change in Accounting Principle

As discussed in Note 1 to the financial statements, for the fiscal year ended June 30, 2023, CASA adopted new accounting guidance, *FASB ASU No. 2016-02, Leases*. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CASA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CASA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CASA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Moss, Levy & Hartzheim LLP*

Santa Maria, California  
December 19, 2023

**Court Appointed Special Advocates of San Luis Obispo County**  
Statement of Financial Position  
June 30, 2023

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**Assets**

Current assets

Cash	\$ 825,781
Certificates of deposit	72,409
Grants receivable	137,749
Gift cards	3,506
Prepaid expenses and deposits	40,103
Right of use asset	<u>180,274</u>

Total current assets 1,259,822

Fixed assets

Fixed assets, at cost	120,757
Less: Accumulated depreciation	<u>(48,646)</u>

Net fixed assets 72,111

Total assets \$ 1,331,933

**Liabilities and net assets**

Current liabilities

Accounts payable	11,613
Payroll liabilities	36,061
Unearned revenue	<u>13,400</u>

Total current liabilities 61,074

Long-term liabilities

Lease liability	182,907
Compensated absences	<u>23,701</u>

Total long-term liabilities 206,608

Total liabilities 267,682

Net assets

Without donor restrictions	<u>1,064,251</u>
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Total net assets 1,064,251

Total liabilities and net assets \$ 1,331,933

**Court Appointed Special Advocates of San Luis Obispo County**  
Statement of Activities  
Fiscal Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support:</b>			
Grants	\$ 254,241	\$ 917,194	\$ 1,171,435
Contributions	362,271		362,271
Contributions in-kind	20,020		20,020
Total support	<u>636,532</u>	<u>917,194</u>	<u>1,553,726</u>
<b>Revenues:</b>			
Special events (net of direct costs)	85,843		85,843
Fees for services	35,000		35,000
Investment income	3,188		3,188
Program fees	2,827		2,827
Total revenues	<u>126,858</u>		<u>126,858</u>
Total support and revenues	763,390	917,194	1,680,584
<b>Reclassifications:</b>			
Net assets released from restrictions	967,194	(967,194)	
Total support, revenues and reclassifications	<u>1,730,584</u>	<u>(50,000)</u>	<u>1,680,584</u>
<b>Expenses:</b>			
Program services:			
Advocate program	1,018,869		1,018,869
Support services:			
Management and general	162,987		162,987
Fund raising	202,629		202,629
Total expenses	<u>1,384,485</u>		<u>1,384,485</u>
Increase (decrease) in net assets	346,099	(50,000)	296,099
Net assets at beginning of fiscal year	718,152	50,000	768,152
Net assets at end of fiscal year	<u>\$ 1,064,251</u>	<u>\$ -</u>	<u>\$ 1,064,251</u>

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

**Court Appointed Special Advocates of San Luis Obispo County**  
Statement of Functional Expenses  
Fiscal Year Ended June 30, 2023

	Program	Support Services		Total
	Services	Management	Fund	
	Advocate	and General	Raising	
	Program			
Salaries and wages	\$ 641,921	\$ 113,502	\$ 141,115	\$ 896,538
Payroll taxes	50,623	8,951	11,128	70,702
Employee benefits	17,009	3,008	3,739	23,756
Workers' compensation	1,204	213	264	1,681
Total personnel costs	710,757	125,674	156,246	992,677
Bank expenses	3,705	655	815	5,175
Board expenses	5,966	1,055	1,311	8,332
Child enrichment	26,967			26,967
Computer	3,585	634	788	5,007
Dues and subscriptions	6,570	1,162	1,444	9,176
Insurance	18,706	3,308	4,112	26,126
Interest	2,913	1,149	1,428	5,490
Janitorial	3,206	567	704	4,477
Licenses, fees, taxes	634	112	139	885
Office expenses	4,819	852	1,060	6,731
Occupancy	3,332	1,314	1,633	6,279
Postage	494	87	109	690
Printing	2,318	410	509	3,237
Professional services	77,327	13,673	16,999	107,999
Recruitment	31,802			31,802
Repairs	2,501	442	550	3,493
Special events direct costs			45,006	45,006
Staff training	13,793			13,793
Supplies	892	158	196	1,246
Telephone	5,409	956	1,191	7,556
Travel	15,381			15,381
Volunteer expenses	15,686			15,686
Subtotal expenses	956,763	152,208	234,240	1,343,211
Contributions in-kind	20,020			15,923
Amortization	27,333	10,779	13,395	51,507
Depreciation	14,753			14,753
Less special event direct costs			(45,006)	(45,006)
Total expenses	\$ 1,018,869	\$ 162,987	\$ 202,629	\$ 1,380,388
Percent of total expenses	75%	11%	14%	100%

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

**Court Appointed Special Advocates of San Luis Obispo County**  
Statement of Cash Flows  
Fiscal Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Cash flows from operating activities			
Increase (decrease) in net assets	\$ 346,099	\$ (50,000)	\$ 296,099
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:			
Depreciation	14,753		14,753
Amortization of right of use asset	51,507		51,507
Investment income	(1,095)		(1,095)
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Grants receivable	32,728		32,728
Gift cards	5,758		5,758
Prepaid expenses and deposits	(17,630)		(17,630)
Increase (decrease) in:			
Accounts payable	(20,876)		(20,876)
Payroll liabilities	14,021		14,021
Deferred revenue	(38,990)		(38,990)
Compensated absences	8,990		8,990
Net cash provided (used) by operating activities	<u>395,265</u>	<u>(50,000)</u>	<u>345,265</u>
Cash flows from investing activities			
Purchase of certificates of deposit	(44,517)		(44,517)
Net cash used by investing activities	<u>(44,517)</u>		<u>(44,517)</u>
Cash flows from financing activities			
Interest payments on lease	(5,490)		(5,490)
Principal payments on lease	(48,874)		(48,874)
Net cash provided by financing activities	<u>(54,364)</u>		<u>(54,364)</u>
Net increase (decrease) in cash and equivalents	296,384		296,384
Cash and cash equivalents at beginning of fiscal year	<u>529,397</u>		<u>529,397</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 825,781</u>	<u>\$ -</u>	<u>\$ 825,781</u>

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



## Court Appointed Special Advocates of San Luis Obispo County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2023

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### 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 San Luis Obispo 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 San Luis Obispo 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 19, 2023, 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.

**Court Appointed Special Advocates of San Luis Obispo County**

Notes to the Financial Statements

Fiscal Year Ended June 30, 2023

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**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, 2019 and July 1, 2018, 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 deposits 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 11 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.

**Note 1 - Significant Accounting Policies (continued)**

***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.

***New accounting pronouncements***

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) and has subsequently issued a number of amendments to ASU 2016-02. This ASU provides accounting guidance for both lessee and lessor accounting models. Among other things, lessees recognize a right of-use asset and a lease liability for leases with a duration of greater than one year.

**Note 2 - Cash**

Cash and money market funds are held in separate bank and investment accounts. Cash deposits insured by the federal government totaled \$383,476 at June 30, 2023.

Cash consisted of the following at June 30, 2023:

Coast Hills	\$	737,901
Charles Schwab		28,754
Pacific Premier		58,884
Paypal		242
Total operating cash	<u>\$</u>	<u>825,781</u>

**Note 3 - Concentrations**

Concentrations of grants receivable are as follows:

	Amount	% of Total
Cal OES	\$ 80,173	58.2%
Judicial	26,729	19.4%
San Luis Obispo County Probation	17,500	12.7%
SLO County ARPA	10,829	7.9%
All other	2,518	1.8%
Total accounts receivable	<u>\$ 137,749</u>	<u>100.0%</u>

**Note 3 - Concentrations (continued)**

Concentrations of support and revenues are as follows:

Grants	\$ 1,171,435	65.7%
Contributions	362,271	24.4%
Special events	85,843	5.8%
Fees for services	35,000	2.4%
In-kind contributions	20,020	1.3%
Investment income	3,188	0.2%
Program fees	2,827	0.2%
Total support and revenues	<u>\$ 1,680,584</u>	<u>100.0%</u>

**Note 4 - Fixed Assets**

Fixed assets activity for the fiscal year ended June 30, 2023, is detailed in the following schedule.

	Beginning Balance	Additions	Disposals	Ending Balance
Equipment	\$ 48,762	\$ -	\$ -	\$ 48,762
Furniture and fixtures	71,995			71,995
Fixed assets at cost	120,757	-		120,757
Less: Accumulated depreciation	(33,893)	(14,753)		(48,646)
Net fixed assets	<u>\$ 86,864</u>	<u>\$ (14,753)</u>	<u>\$ -</u>	<u>\$ 72,111</u>

**Note 5 - Investments**

The cost basis of investments, and cumulative gains and losses at June 30, 2023, is as follows:

	Cost	Fair Value
Investments in marketable securities:		
Investment cash and money market funds	\$ 28,754	\$ 28,754
Total investments	<u>28,754</u>	<u>\$ 28,754</u>
Investments at fair value	<u>\$ 28,754</u>	

Investment income for the fiscal year ended June 30, 2023, consisted of the following:

Interest and dividends	\$ 3,188
Net investment income	<u>\$ 3,188</u>

**Note 6 - 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, 2023.

*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, 2023.

	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	\$ 28,754	\$ 28,754	\$ -	\$ -
Total assets stated at fair value	<u>\$ 28,754</u>	<u>\$ 28,754</u>	<u>\$ -</u>	<u>\$ -</u>

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

**Note 7 - 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, 2023 are:

Financial Assets:	
Cash on hand and in banks	\$ 825,781
Grants receivable	137,749
Certificates of deposit	72,409
Total financial assets	<u>1,035,939</u>
Less: unavailable grant commitments receivable	-
Amounts available for expenditure within one year	<u>\$ 1,035,939</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 San Luis Obispo County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2023

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### Note 8 - Lease Payable

The Organization has a lease for space at 75 Higuera Street, Suites 170 and 180, in San Luis Obispo, California. The most recent lease amendment became effective January 1, 2022 and runs through December 31, 2026. The Organization is currently paying \$4,593 a month under the current terms. There are built in increases between 2% and 5% each year. The lease payable is measured at the present value of the future minimum lease payments expected to be paid during the lease term at a discount rate of 3%, which is the implicit rate used for this agreement. In the fiscal year ending June 30, 2023, the Organization reduced the lease liability by \$48,874.

### Note 9 - 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, 2023, is detailed in the following schedule.

	Beginning Balance	Funds Received	Funds Released	Ending Balance
Donor restricted net assets:				
Kid's Fund	\$ 50,000	\$ -	\$ (50,000)	\$ -
	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>	<u>\$ -</u>

### Note 10 - 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>\$ 130,849</u>	<u>\$ (45,006)</u>	<u>\$ 85,843</u>

Special event proceeds plus in-kind contributions attributed to the events totaled \$130,849 for the fiscal year ended June 30, 2023. These amounts are recorded as contributions in the accompanying statement of activities.

### Note 11 - Contributions In-kind

During the fiscal year ended June 30, 2023, 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, 2023, are as follows:

Court appointed special advocates services	\$ 15,923
Office and storage space	4,097
Total contributions in-kind	<u>\$ 20,020</u>

## Court Appointed Special Advocates of San Luis Obispo County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2023

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### Note 12 - Right of use asset

During the 2022/23 fiscal year, CASA implemented *FASB ASU No. 2016-02, Leases*. The right of use asset is recorded as the lease liability plus initial direct costs plus prepayments less any lease incentives. The initial right of use asset was calculated to be \$231,781 as of June 30, 2022. The lease will be amortized over the remainder of the lease term which is 54 months. The amortization of the right of use asset is shown below:

	Beginning Balance	Additions	Disposals	Ending Balance
Right of use asset	<u>\$231,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,781</u>
Total right of use assets	231,781	-		231,781
Less: Accumulated amortization		(51,507)		(51,507)
Net right of use asset	<u>\$231,781</u>	<u>\$ (51,507)</u>	<u>\$ -</u>	<u>\$ 180,274</u>

### Note 13 - Concentrations of Risk

The majority of CASA's contributions and grants are received from individuals, foundations, and businesses located in the greater San Luis Obispo 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 San Luis Obispo. 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 14 - Subsequent Events

Subsequent events have been evaluated through December 19, 2023, which is the date of the financial statements.