



**CASA**

Court Appointed Special Advocates  
**FOR CHILDREN**

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LARIMER COUNTY

**FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Court Appointed Special Advocates, Inc.  
Fort Collins, Colorado

### *Opinion*

We have audited the accompanying financial statements of Court Appointed Special Advocates, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 financial position of Court Appointed Special Advocates, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

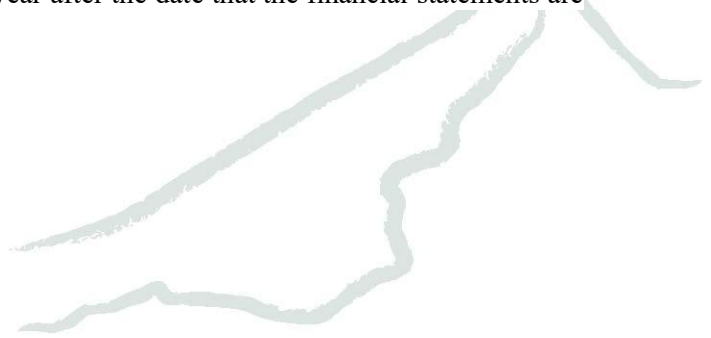
### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Court Appointed Special Advocates, Inc. 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.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP, 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 Court Appointed Special Advocates, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



### ***Auditors' 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, as promulgated by the Auditing Standards Board, a division of the American Institute of Certified Public Accountants (AICPA), 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 Court Appointed Special Advocates, Inc.'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 Court Appointed Special Advocates, Inc.'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.

A handwritten signature in black ink, consisting of the letters 'RLR' in a stylized, cursive font, followed by 'LLP' in a smaller, simpler font.

Fort Collins, Colorado  
April 29, 2024

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**As of December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,724,830	\$ 1,018,400
Certificate of deposit	205,691	-
Investments	-	2,185
Beneficial interest in investments held with the Community		
Foundation of Northern Colorado	73,648	620,361
Prepaid expenses	6,716	2,208
Accounts receivable, net of allowance for current expected credit losses of \$200 (2022)	294,696	255,195
<b>Total current assets</b>	<b>2,305,581</b>	<b>1,898,349</b>
Non-Current Assets		
Property and equipment, net	196,564	139,677
Beneficial interest in investments held with the Community		
Foundation of Northern Colorado - Endowment	84,806	53,204
<b>Total non-current assets</b>	<b>281,370</b>	<b>192,881</b>
<b>Total assets</b>	<b>\$ 2,586,951</b>	<b>\$ 2,091,230</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 57,841	\$ 23,300
Other withholdings and accruals	43,947	39,088
Deferred revenue	20,625	108,969
<b>Total current liabilities</b>	<b>122,413</b>	<b>171,357</b>
Non-Current Liabilities		
Loans payable	66,176	66,176
<b>Total non-current liabilities</b>	<b>66,176</b>	<b>66,176</b>
<b>Total liabilities</b>	<b>188,589</b>	<b>237,533</b>
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions		
Undesignated	984,923	680,430
Net invested in property and equipment	174,840	116,906
Designated for operating reserve	279,339	358,758
Designated for Harmony House project	472,260	336,603
Net Assets With Donor Restrictions		
Time and/or purpose	418,500	315,000
Restricted in perpetuity	68,500	46,000
<b>Total net assets</b>	<b>2,398,362</b>	<b>1,853,697</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,586,951</b>	<b>\$ 2,091,230</b>

See accompanying notes to financial statements.

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2023 Total</b>
Support and revenue			
Grants and contributions - operations	\$ 1,208,762	\$ 26,000	\$ 1,234,762
Harmony House project contributions	-	100,000	100,000
Contributions of facilities, services, materials and equipment	63,158	-	63,158
Special events, net of costs of direct benefit to donors of \$45,671	120,986	-	120,986
Employee Retention Credit (Note 9)	328,567	-	328,567
Investment income	68,935	-	68,935
Other income	2,133	-	2,133
<b>Total support and revenue</b>	<u>1,792,541</u>	<u>126,000</u>	<u>1,918,541</u>
Expenses			
Program services			
CASA program	630,114	-	630,114
Family Connections program	488,033	-	488,033
Supporting services			
Management and general	78,255	-	78,255
Fundraising	177,474	-	177,474
<b>Total expenses</b>	<u>1,373,876</u>	<u>-</u>	<u>1,373,876</u>
Change in Net Assets	418,665	126,000	544,665
Net Assets, Beginning of Year	1,492,697	361,000	1,853,697
Net Assets, End of Year	<u>\$ 1,911,362</u>	<u>\$ 487,000</u>	<u>\$ 2,398,362</u>

See accompanying notes to financial statements.

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

**STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2022 Total</b>
Support and revenue			
Grants and contributions - operations	\$ 1,342,722	\$ -	\$ 1,342,722
Harmony House project contributions	75,000	180,000	255,000
Contributions of facilities, services, materials and equipment	27,205	-	27,205
Special events, net of costs of direct benefit to donors of \$38,218	128,570	-	128,570
Investment (loss)	(83,569)	-	(83,569)
Other income	2,461	-	2,461
<b>Total support and revenue</b>	<u>1,492,389</u>	<u>180,000</u>	<u>1,672,389</u>
Expenses			
Program services			
CASA program	505,097	-	505,097
Family Connections program	409,804	-	409,804
Supporting services			
Management and general	73,200	-	73,200
Fundraising	153,911	-	153,911
<b>Total expenses</b>	<u>1,142,012</u>	<u>-</u>	<u>1,142,012</u>
Change in Net Assets	350,377	180,000	530,377
Net Assets, Beginning of Year	1,142,320	181,000	1,323,320
Net Assets, End of Year	<u>\$ 1,492,697</u>	<u>\$ 361,000</u>	<u>\$ 1,853,697</u>

See accompanying notes to financial statements.

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2023**

	<b>CASA Program</b>	<b>Family Connections Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2023 Total</b>
Salaries	\$ 450,913	\$ 325,470	\$ 58,089	\$ 132,732	\$ 967,204
Payroll taxes	38,554	28,259	4,838	11,608	83,259
Group insurance and employee benefits	32,126	25,988	4,686	6,329	69,129
Bad debt expense	-	1,198	-	1,262	2,460
Depreciation	4,334	3,128	559	1,276	9,297
Dues and subscriptions	2,603	292	354	1,408	4,657
Insurance	5,442	4,259	714	2,485	12,900
Office supplies	12,971	12,063	576	-	25,610
Postage	362	221	5	1,668	2,256
Professional fees	24,999	19,800	3,686	6,522	55,007
Program and event supplies	19,444	23,589	960	6,769	50,762
Public relations	14,167	11,076	-	-	25,243
Rent	2,331	1,683	300	686	5,000
Repairs and maintenance	5,393	16,525	799	2,237	24,954
Training, development and retention	4,998	6,456	2,328	762	14,544
Travel and mileage	6,529	1,087	-	718	8,334
Utilities	4,948	6,939	361	1,012	13,260
Total	<u>\$ 630,114</u>	<u>\$ 488,033</u>	<u>\$ 78,255</u>	<u>\$ 177,474</u>	<u>\$ 1,373,876</u>

See accompanying notes to financial statements.

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2022**

	<b>CASA Program</b>	<b>Family Connections Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2022 Total</b>
Salaries	\$ 363,525	\$ 294,878	\$ 55,272	\$ 116,702	\$ 830,377
Payroll taxes	29,453	24,427	4,438	9,232	67,550
Group insurance and employee benefits	23,101	10,571	2,944	888	37,504
Bad debt expense	703	571	107	226	1,607
Depreciation	3,098	2,513	471	995	7,077
Dues and subscriptions	2,590	672	-	-	3,262
Insurance	4,603	3,734	700	1,478	10,515
Office supplies	8,539	9,936	468	3,146	22,089
Postage	365	364	-	1,590	2,319
Professional fees	16,530	18,499	3,948	4,392	43,369
Program and event supplies	15,858	19,239	783	5,521	41,401
Public relations	7,377	4,079	67	3,826	15,349
Rent	2,189	1,776	333	702	5,000
Repairs and maintenance	7,778	6,309	1,183	2,497	17,767
Training, development, and retention	8,064	6,470	1,650	211	16,395
Travel and mileage	5,823	1,304	-	739	7,866
Utilities	5,501	4,462	836	1,766	12,565
<b>Total</b>	<b>\$ 505,097</b>	<b>\$ 409,804</b>	<b>\$ 73,200</b>	<b>\$ 153,911</b>	<b>\$ 1,142,012</b>

See accompanying notes to financial statements.

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<hr/>		
Cash Flows From Operating Activities		
Change in net assets	\$ 544,665	\$ 530,377
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,297	7,077
Change in allowance for current expected credit losses	(200)	200
Unrealized loss on investments	425	72
Change in value of Community Foundation - Designated funds	(23,047)	74,761
Change in value of Community Foundation - Endowment fund	(9,102)	8,736
Changes in assets and liabilities:		
(Increase) in prepaid expenses	(4,508)	(1,589)
(Increase) in receivables	(39,301)	(111,790)
Increase in accounts payable	34,541	10,932
Increase in other withholdings and accruals	4,859	7,158
(Decrease) increase in deferred revenue	(88,344)	26,213
<b>Net cash provided by operating activities</b>	<u>429,285</u>	<u>552,147</u>
Cash Flows From Investing Activities		
Reinvested interest on certificate of deposit	(5,691)	-
Purchase of certificate of deposit	(200,000)	-
Purchase of property and equipment	(66,184)	(25,347)
Proceeds from sale of investments	1,760	-
Transfers from Community Foundation - Designated funds	569,760	-
Transfers to Community Foundation - Endowment fund	(22,500)	-
<b>Net cash provided (used) by investing activities</b>	<u>277,145</u>	<u>(25,347)</u>
Net Increase in Cash and Cash Equivalents	706,430	526,800
Cash and Cash Equivalents, Beginning of Year	<u>1,018,400</u>	<u>491,600</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,724,830</u></u>	<u><u>\$ 1,018,400</u></u>
Supplemental Disclosure of Non-Cash Operating Activities		
Contribution of materials, facilities and services	\$ 63,158	\$ 27,205
Contributed expenses	\$ (63,158)	\$ (27,205)

See accompanying notes to financial statements.

# COURT APPOINTED SPECIAL ADVOCATES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies

#### Nature of Activities

Court Appointed Special Advocates, Inc. (CLC) is a Colorado not-for-profit organization, formed to manage two programs – CASA and Family Connections. The CASA program facilitates the recruiting and training of volunteers who serve as advocates for children involved in the court system in abuse and neglect cases. The Family Connections program facilitates a visitation and exchange service working with children in foster care or families involved in domestic relation cases and the training of volunteers to assist with this program.

The financial statements of CLC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies described below are provided to enhance the usefulness of the financial statements to the reader.

#### New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments–Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments, which requires organizations to use a new impairment model: the current expected credit loss (CECL) model.

The model applies to financial instruments that are not measured at fair value. An organization must record an allowance for credit losses, which is a valuation account that should be deducted from, or added to, the financial asset to present the net amount expected to be collected. The valuation account should include expected recoveries of amounts previously written off and expected to be written off. However, expected recoveries cannot exceed the aggregate of amounts previously written off and expected to be written off.

The amendments have been applied retrospectively to all periods presented. There is no effect on CLC's previously reported net assets.

#### Classes of Net Assets

Net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions—Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions—Net assets for which use is limited by donor-imposed/board-imposed time and/or purpose stipulations or in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed/board-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation, implicit board stipulation, or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. CLC has adopted a policy to classify donor restricted contributions as net assets without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

# COURT APPOINTED SPECIAL ADVOCATES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

#### Revenue Recognition

CLC recognizes revenue from services when the services are provided. CLC records special events revenue equal to the cost of direct benefits to donors and contribution revenue for the difference.

CLC recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. CLC's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

#### Deferred Revenue

CLC considers payments on grant agreements and service contracts in advance of the services being performed to be deferred revenue. Revenue relating to service contracts and grants is recognized as the terms of the agreements are met or as services outlined are performed.

#### Fair Value

Fair value is the price that would be received from the sale of an asset or settlement of a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, CLC considers the principal or most advantageous market in which a hypothetical sale or transfer would take place and consider assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of non-performance.

The fair value hierarchy is made up of three levels of inputs which may be used to measure fair value: Level 1—observable inputs such as quoted prices for identical instruments in active markets; Level 2—observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations in which all significant inputs are observable in active markets; and Level 3—unobservable inputs for which there is little or no market data and which require us to develop our own assumptions. CLC categorizes fair value measurements within the fair value hierarchy based upon the lowest level of the most significant inputs used to determine such fair value measurement.

#### Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Property, Equipment, and Depreciation

CLC follows the practice of capitalizing all acquisitions for fixed assets in excess of \$5,000. Property and equipment are recorded at cost as of the date of acquisition. Donated leasehold improvements are recorded at estimated fair value net of estimated relocation assets on a straight-line basis. Property and equipment are depreciated over useful lives of 5-7 years, and buildings and improvements are depreciated over useful lives of 7-39 years.

#### Contributions of facilities, services, materials and equipment

CLC's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of CLC. If an asset is provided that does not allow CLC to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

# COURT APPOINTED SPECIAL ADVOCATES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

### Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

#### Contributions of facilities, services, materials and equipment (continued)

Donated services and materials are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt determined using Level 3 inputs of the fair value hierarchy. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteer services are not recorded in the financial statements as these contributions do not meet the requirements to be recorded as revenue and expense.

	2023	2022
Direct benefit to donors	\$ 10,983	\$ -
Rent	5,000	5,000
Repairs and maintenance	15,978	3,280
Postage	65	-
Public relations	21,047	-
Professional fees	1,350	-
Program and event supplies	8,735	18,925
Contributions of facilities, services, materials and equipment	\$ 63,158	\$ 27,205

#### Lease Accounting

CLC determines whether to account for its leases as operating or financing leases depending on the underlying terms of the lease agreement. This determination of classification is complex and requires significant judgment relating to certain information including the estimated fair value and remaining economic life of the leased asset, CLC's cost of funds, minimum lease payments and other lease terms. CLC records the value of the right-of-use asset at the present value of future lease payments, discounted at CLC's estimated risk free borrowing rate, and any direct costs related to the lease. Total lease payments are recognized on a straight-line basis over the term of the lease. The related lease liability is recorded at the present value of any unpaid lease payments.

CLC elected the optional transition method and adopted ASU No. 2016-02 as of January 1, 2022, using the modified retrospective method permitted under ASU No. 2018-11 for all existing leases, which does not include retrospectively adjusting prior periods presented in the financial statements. As allowed under the new accounting standard, CLC elected to apply practical expedients to carry forward the original lease determinations, leases classifications and accounting of initial direct costs for all asset classes at the time of adoption. CLC also elected not to separate lease components from non-lease components and to exclude short-term leases from its statements of financial position.

#### Income Taxes

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

CLC has adopted the recognition requirements for uncertainty in income taxes as required by ASC 740-10. The standard prescribes a comprehensive model for how an organization should recognize, measure, present and disclose in the financial statements uncertainty in income taxes CLC has taken or expects to take on a tax return. CLC's income tax filings are subject to audit by various taxing authorities.

# COURT APPOINTED SPECIAL ADVOCATES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

#### Income Taxes (continued)

In evaluating CLC's tax provisions and accruals, interpretations and tax planning strategies are considered. CLC believes its estimates are appropriate based on current facts and circumstances and have not recorded any reserves, or related accruals for interest and penalties for uncertainty in income taxes at December 31, 2023 and 2022.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, CLC considers all unrestricted highly liquid investments with an original maturity of one year or less to be cash equivalents. The carrying value of cash and cash equivalents approximates their fair value because of the short-term maturities of these financial instruments.

CLC maintains a sweep account with a financial institution in which cash in excess of a designated amount is swept to other financial institutions. The balance is available for use at all times and is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution.

CLC maintains cash balances on deposit at financial institutions. At times, cash balances at financial institutions may exceed federally insured limits guaranteed by the Federal Deposit Insurance Corporation. CLC has not experienced any losses in these accounts.

#### Accounts Receivable and Credit Policies

Accounts receivable includes noninterest-bearing amounts due from federal, state and local grant programs, as well as Court Appointed Special Advocates, Inc.'s of CLC's Family Connections program. In accordance with Topic 326, management determines the allowance for current expected credit losses based on historical experience, assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At December 31, 2022, the allowance for current expected credit losses was \$200. At December 31, 2023, all accounts were considered by management to be fully collectible, and no allowance for current expected credit losses had been accrued.

#### Pledges Receivable

An allowance for uncollectible contributions is necessary as, from time to time, CLC may be unable to collect an outstanding pledge recorded as a pledge receivable. The allowance is management's estimate of the potential future write-offs of uncollectible pledges and is based on management's estimates, overdue collections and historical collection experience. When pledges are received that are not expected to be collected within one year, CLC discounts the pledge to its net present value using an interest rate that is considered by management to be a risk free rate as of the date of the pledge was made. There were no outstanding pledges receivable at December 31, 2023 and 2022.

#### Investment Securities

All investments in marketable securities are recognized at fair value using quoted prices in active markets for identical assets or liabilities with readily determinable fair values. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by donor or law.

# COURT APPOINTED SPECIAL ADVOCATES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

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### Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

#### Investment Securities (continued)

Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements. The fair value of investments in securities is based on the last reported sales price at December 31, 2023 and 2022, using Level 1 inputs of the fair value hierarchy. CLC considers certificates of deposit with original maturities of more than one year to be investments.

#### Beneficial Interest in Investments Held by the Community Foundation of Northern Colorado

CLC executed two agreements with the Community Foundation in May 2018, whereby CLC transferred assets to the Community Foundation in order to establish the CLC Operating Reserve Fund and the CLC Reserve Fund for Harmony House with the Community Foundation. In accordance with the agreement, the primary purpose of the fund is to provide operating and capital support to CLC to carry out its role and mission as described in its governing documents, and the principal of the fund shall be held by the Community Foundation in support of CLC.

Distributions from the funds to CLC are available upon CLC's request, as long as the minimum fund balance of \$10,000 per fund is maintained. The agreement states that the fund is not a separate trust, and that all assets of the fund are assets of the Community Foundation. The agreement also provides that the fund shall continue for as long as CLC continues as a public charity, with the intent to make distributions to CLC in accordance with CLC's designations. As CLC has specified itself as the beneficiary of the funds and the transfers are not equity transactions, CLC has accounted for the funds as assets in accordance ASC 958-605-25-33, *Transfers that Are Not Contributions Because They Are Revocable, Repayable, or Reciprocal*. The reserve funds are collectively presented as Beneficial interest in investments held by the Community Foundation of Northern Colorado on CLC's statements of financial position.

Through the Community Foundation, CLC invests in a managed portfolio that contains common stocks and bonds of publicly traded companies, U.S. Government obligations, mutual funds and money market funds. Investments are exposed to various risks such as interest rate, credit and overall market volatility.

#### Beneficial Interest in Investments Held by the Community Foundation of Northern Colorado – Endowment Fund

CLC executed an agreement with the Community Foundation in May 2018, whereby CLC transferred assets to the Community Foundation in order to establish the CLC Endowment Fund Established by Heather and Karl Olsen with the Community Foundation. The transfer and creation of the endowment fund satisfies the initial restriction of certain contributed funds for creation of the endowment fund. The contributions remain to be held as net assets with donor restrictions, to be held in perpetuity in an endowment fund. In accordance with the agreement, the primary purpose of the fund is to provide operating and capital support to CLC to carry out its role and mission as described in its governing documents, and the principal of the fund shall be held by the Community Foundation in support of CLC.

# COURT APPOINTED SPECIAL ADVOCATES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

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### **Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)**

#### Beneficial Interest in Investments Held by the Community Foundation of Northern Colorado – Endowment Fund (continued)

Distributions from the earnings of the fund beyond the restricted corpus are made available to CLC at an annual rate established by the Community Foundation. It is the policy of CLC, as well as the Community Foundation, that spending of the endowment fund in, or into, an underwater position is not permitted. The endowment fund is considered to be “underwater” when the fair value of the fund is less than the carrying value of the fund’s endowed corpus. The agreement states that the fund is not a separate trust, and that all assets of the fund are assets of the Community Foundation. The agreement also provides that the fund shall continue for as long as CLC continues as a public charity, with the intent to make distributions to CLC in accordance with CLC’s designations. As CLC has specified itself as the beneficiary of the funds and the transfers are not equity transactions, CLC has accounted for the funds as assets in accordance ASC 958-605-25-33, *Transfers that Are Not Contributions Because They Are Revocable, Repayable, or Reciprocal*. The endowment fund is presented as Beneficial interest in investments held by the Community Foundation of Northern Colorado – Endowment on CLC’s statements of financial position.

Through the Community Foundation, CLC invests in a managed portfolio that contains common stocks and bonds of publicly traded companies, U.S. Government obligations, mutual funds and money market funds. Investments are exposed to various risks such as interest rate, credit and overall market volatility.

#### Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. The expenses include compensation, occupancy, professional services and certain other expenses. Compensation and professional services are allocated based on management’s estimate of the relative attention and effort exerted towards specific functional areas. Occupancy costs are allocated similarly to compensation, as occupancy costs relate to providing workspace for employees rather than specific functions.

#### Subsequent Events

Management has evaluated subsequent events through April 29, 2024, the date the financial statements were available to be issued. It is management’s opinion that no events have occurred subsequent to end which would require adjustment to financial statements or disclosure therein.

### **Note 2. Concentrations and Grant Contingencies**

During the year ended December 31, 2023, revenue from the Employee Retention Credit represented approximately 17% of CLC’s total revenue. During the year ended December 31, 2022, revenue from the Colorado Division of Criminal Justice (VOCA grant) represented approximately 14% of CLC’s total revenue. Outstanding receivables from the VOCA grant were 22% of CLC’s total accounts receivable at December 31, 2022. In addition, CLC receives a substantial amount of its support from grants received from local government and private agencies. If a significant reduction in these grants were to occur, it could have a significant effect on CLC's activities.

The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of CLC. However, in the opinion of CLC, any such disallowed claims will not have a material effect on the financial statements or on the overall financial position of CLC at December 31, 2023 and 2022.

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

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**Note 3. Property and Equipment**

Property and equipment consists of the following at December 31:

	2023	2022
Harmony House- building and improvements	\$ 299,967	\$ 299,967
Harmony House – land	20,438	20,438
Furniture and equipment	1,295	1,295
Construction in process	74,234	8,050
Less accumulated depreciation	(199,370)	(190,073)
	<u>\$ 196,564</u>	<u>\$ 139,677</u>

**Note 4. Investments, Beneficial Interest in Investments Held with the Community Foundation, and Beneficial Interest in Investments Held with the Community Foundation - Endowment**

Investments Held at RBC Wealth Management

Investments at December 31, 2022 are presented in the statements of financial position at fair value and composed of the following:

<u>Investments</u>	<u>Fair Value Measurement at Reporting Date</u>		Unrealized (Loss)
	Fair Value	Cost	
US equities	\$ 2,185	\$ 2,866	\$ (681)
	<u>\$ 2,185</u>	<u>\$ 2,866</u>	<u>\$ (681)</u>

Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements. The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although CLC believes its valuation methods are appropriate and consistent, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Beneficial Interest in Investments Held by the Community Foundation

During the year ended December 31, 2018, CLC established two reserve funds with the Community Foundation, both of which carry no legal or external restrictions. The Board of Directors have designated the balances of the funds for operating reserves and Harmony House capital reserve, as more fully disclosed in Note 5. During the year ended December 31, 2023, one of the reserve funds was closed.

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

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**Note 4. Investments, Beneficial Interest in Investments Held with the Community Foundation, and Beneficial Interest in Investments Held with the Community Foundation – Endowment (continued)**

Beneficial Interest in Investments Held by the Community Foundation (continued)

The following are collective changes in the funds for the year ended December 31, 2023 and 2022:

	Board Designated Without Donor Restrictions	
	2023	2022
Balance, January 1	\$ 620,361	\$ 695,122
Transfers from reserve funds	(569,760)	-
Investment income (loss)	26,893	(68,502)
Administrative fees	(3,846)	(6,259)
Balance, December 31	<u>\$ 73,648</u>	<u>\$ 620,361</u>

Beneficial Interest in Investments Held with the Community Foundation - Endowment

During the year ended December 31, 2018, CLC created The CASA of Larimer Endowment Fund Established by Heather and Karl Olsen (the Endowment Fund) with the Community Foundation of Northern Colorado. In accordance with ASC 958-205-20, *Endowments and Board Designated Endowments*, the principal portion of the Endowment Fund is comprised of contributions with donor restrictions and invested as a perpetual endowment, which is to provide a permanent source of income. The investment earnings of the Endowment Fund are not externally restricted, and are therefore classified as net assets without donor restrictions when the fair value of the fund is in excess of the restricted principal of the fund.

At December 31, 2023 and 2022, the Endowment Fund consisted of \$84,806 and \$53,204 in investments held by the Community Foundation, respectively. The endowment investments are presented as Beneficial interest in investments held by the Community Foundation Northern Colorado - Endowment on the statement of financial position, as more fully described in Note 1.

Management of endowment funds in Colorado are governed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). CLC has interpreted UPMIFA as generally requiring the preservation of the fair value of the original gift as of the gift date of the donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, CLC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund.
- 2) The purposes of CLC and the donor-restricted endowment fund.
- 3) General economic conditions.
- 4) The possible effect of inflation/deflation.
- 5) The expected total return from income and the appreciation of investments.
- 6) Other resources of CLC.
- 7) The investment policies of CLC.

CLC's investment policy goal is to provide a reasonable, predictable, and sustainable amount of funds available for the uses intended by the original endowment. Given CLC's commitment to provide for future needs, CLC advocates to provide for future distribution. The long-term investment focus is to provide growth in assets and income over time through investment of excess income and capital appreciation.

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**Note 4. Investments, Beneficial Interest in Investments Held with the Community Foundation, and Beneficial Interest in Investments Held with the Community Foundation – Endowment (continued)**

Beneficial Interest in Investments Held with the Community Foundation – Endowment (continued)

The following are the changes in the Endowment Fund for the year ended December 31, 2023:

	Endowment Corpus	Accumulated Earnings	Fair Value
Balance, December 31, 2022	\$ 46,000	\$ 7,204	\$ 53,204
Gifts received	22,500	-	22,500
Investment income	-	9,992	9,992
Administrative fees	-	(890)	(890)
Balance, December 31, 2023	\$ 68,500	\$ 16,306	\$ 84,806

The following are the changes in the Endowment Fund for the year ended December 31, 2022:

	Endowment Corpus	Accumulated Earnings	Fair Value
Balance, December 31, 2021	\$ 46,000	\$ 15,940	\$ 61,940
Investment (loss)	-	(7,991)	(7,991)
Administrative fees	-	(745)	(745)
Balance, December 31, 2022	\$ 46,000	\$ 7,204	\$ 53,204

From time to time, the fair value of assets associated with donor restricted endowment funds may fall below the level that donors require CLC to retain as a fund of perpetual duration.

Fair Value

The fair value of investments and beneficial interest in investments as of December 31, 2023 were determined using the following inputs of the fair value hierarchy:

				2023
Investments	Level 1	Level 2	Level 3	Total
Beneficial interest in investments	\$ -	\$ -	\$ 73,648	\$ 73,648
Beneficial interest in investments -Endowment	-	-	84,806	84,806
	\$ -	\$ -	\$ 158,454	\$ 158,454

The fair value of investments and beneficial interest in investments as of December 31, 2022 were determined using the following inputs of the fair value hierarchy:

				2022
Investments	Level 1	Level 2	Level 3	Total
US equities	\$ 2,185	\$ -	\$ -	\$ 2,185
Beneficial interest in investments	-	-	620,361	620,361
Beneficial interest in investments -Endowment	-	-	53,204	53,204
	\$ 2,185	\$ -	\$ 673,565	\$ 675,750

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

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**Note 4. Investments, Beneficial Interest in Investments Held with the Community Foundation, and Beneficial Interest in Investments Held with the Community Foundation – Endowment (continued)**

Fair Value (continued)

Domestic corporate bonds and equities investments are valued at the value of shares held by CLC at the reporting date, based on unadjusted quoted market prices for identical assets in active markets using Level 1 inputs of the fair value hierarchy. Investments in certificates of deposit are reported at fair value using Level 2 inputs of the fair value hierarchy, which equals cost in the statements of financial position. There have been no changes in the methodologies used at December 31, 2023 and 2022.

The fair value of Level 3 Endowment Fund assets held by the Community Foundation is determined by assuming a hypothetical transaction at the measurement date, as there is currently no market in which beneficial interests are traded and no observable exit price exists for a beneficial interest. CLC has determined the fair value of the beneficial interest by using the fair value of the assets contributed to the fund, adjusted by the changes in fair value and distribution of the assets held in the fund, as reported to CLC by the Community Foundation.

Investment Income

Net investment return for investments, beneficial interest in investments held with the Community Foundation and beneficial interest in investments held with the Community Foundation – Endowment for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Change in value in Endowment Fund	\$ 9,102	\$ (8,736)
Change in value in Designated Fund	23,047	(74,761)
Unrealized (loss) on investments	(425)	(72)
Interest earned on certificate of deposit	5,691	-
Interest earned on bank accounts	31,520	-
	<u>\$ 68,935</u>	<u>\$ (83,569)</u>

**Note 5. Net Assets, Board Designated and With Donor Restrictions**

The following designations of net assets without donor restrictions exist through action of the Board of Directors or from net investment of capital assets as of December 31, 2023 and 2022:

	2023	2022
Net invested in property and equipment	\$ 174,840	\$ 116,906
Operating reserve	279,339	358,758
Harmony House project	472,260	336,603
Total without donor restriction, designated net assets	<u>\$ 926,439</u>	<u>\$ 812,267</u>

As disclosed in Note 8, CLC has previously obtained CDBG loans from the City of Fort Collins for roofing and windows improvements at the Harmony House. The carrying value of the related assets was \$21,724 and \$22,771 at December 31, 2023 and 2022, respectively. These carrying values are netted against property and equipment asset balances presented on the statements of financial position to arrive at the designated net invested in property and equipment balances of \$174,840 and \$116,906 at December 31, 2023 and 2022, respectively.

**COURT APPOINTED SPECIAL ADVOCATES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

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**Note 5. Net Assets, Board Designated and With Donor Restrictions (continued)**

At December 31, 2023 and 2022, net assets with donor restrictions consist of \$418,500 and \$315,000 restricted for CLC’s Harmony House Safety and Accessibility Upgrades project, respectively. In December 2021, CLC received a gift and matching grant for safety and accessibility upgrades to the Harmony House. Funds for this project and are distinct from CLC’s operating budget. As disclosed in Note 10, upgrades and renovations are planned to be completed over the next year.

Net assets with donor restrictions that are restricted in perpetuity at December 31, 2023 and 2022 are as follows:

<u>Endowment Fund – Restricted in Perpetuity</u>	2023	2022
Original gifts and required endowed corpus: The CASA of Larimer Endowment Fund established by Heather and Karl Olsen	\$ 46,000	\$ 46,000
Gifts received for endowed corpus	22,500	-
Total Net Assets with Donor Restrictions – Restricted in Perpetuity	<u>\$ 68,500</u>	<u>\$ 46,000</u>

**Note 6. Leases**

Larimer County provides office space for CLC without charge. This contribution is valued at \$5,000 for each of the years ended December 31, 2023 and 2022, respectively, using Level 3 inputs of the fair value hierarchy, and is included both as part of donated revenues and program and supporting expenses.

**Note 7. Retirement Plan**

During 2001, CLC established a 403(b) retirement plan for eligible employees. The only contributions in 2022 were from deferrals on employee wages. There were no CLC contributions in 2022.

During the year ended December 31, 2023, CLC adopted a SIMPLE IRA Retirement Savings Plan under Section 408(p) of the Internal Revenue Code. All employees receiving at least \$5,000 in compensation are eligible to participate in CLC’s SIMPLE IRA plan. During the year ended December 31, 2023, the Board authorized a discretionary employer match of up to 3%. For the year ended December 31, 2023, employer contributions totaled \$5,464.

**Note 8. Loans Payable/Loan Discounts**

In 2006 and 2005, CLC was awarded loans from the City of Fort Collins CDBG program in the amount of \$7,025 and \$56,000, respectively. These “due on sale” loans carry a one-time interest charge of \$351 in 2006 and \$2,800 in 2005. Thus, the loans are due only upon sale of the Fort Collins Harmony House, transfer of the property from CLC, or if the property ceases to be used for a CDBG-eligible activity. The proceeds of the loans were used for roofing and window replacements at the Harmony House. The loans are secured by the Fort Collins Harmony House.

To recognize the impact of a less than market value interest cost, CLC established a loan discount of 5% based on the simple interest rate stated in the agreement. The discount was amortized over a ten-year term in order to measure an annual estimated interest cost. A loan discount in the amount of \$2,848 was recognized during the year ending December 31, 2005, and a discount of \$22,700 was recognized during the year ending December 31, 2006. CLC has recognized the entire accumulated amortization of \$25,548 related to the total discount, resulting in no remaining net loan discount balance at December 31, 2023 and 2022.

# COURT APPOINTED SPECIAL ADVOCATES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

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### Note 9. Employee Retention Credit

During the year ended December 31, 2023, CLC met the qualifications for the Employee Retention Credit (ERC) through the retroactive changes to the CARES Act. CLC calculated the credit based on eligible wages paid per employee during the qualifying time period. The amount CLC received from the ERC is included in Employee Retention Credit on the statement of activities for the year ended December 31, 2023, and was fully collected during the year.

### Note 10. Contract Commitment Subsequent Event

Subsequent to December 31, 2023, CLC entered into a contract with a construction contractor for the expansion and renovation of the Harmony House totaling \$863,338 which is payable by each phase of service to be provided through 2024. As disclosed in Note 5, CLC intends to pay for this project primarily with designated net assets and contributions restricted for the project.

If the contract is terminated and the construction contractor is not at fault, CLC is liable for termination expenses plus an amount of the contractor's anticipated profit of the value of the services not performed.

### Note 11. Liquidity and Availability of Financial Assets

CLC monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. CLC has the following financial assets that could readily be made available within one year of the statements of financial position dates to fund expenses without limitations at December 31:

	2023	2022
Cash and cash equivalents	\$ 1,724,830	\$ 1,018,400
Certificate of deposit	205,691	-
Investments	-	2,185
Beneficial interest in investments held with the Community Foundation	73,648	620,361
Accounts receivable	294,696	255,195
	<u>\$ 2,298,865</u>	<u>\$ 1,896,141</u>

In addition to financial assets available to meet general expenditures over the year, CLC is operating with a surplus-based budget to implement its strategic plan which is focused on capacity building of CLC. CLC is growing both the annual operating budget and reserves funding to build a sustainable organization that is able to expand its services to fully meet and implement its mission. The surplus-based budget enables CLC to manage controlled growth during essential capacity building years.

The statement of cash flows identifies the sources and uses of CLC's cash and cash equivalents and shows net positive cash and cash equivalents provided by operations of \$429,285 and \$552,147 for fiscal years ending December 31, 2023 and 2022, respectively. As part of liquidity plans, CLC expects cash and cash equivalents and cash flows from operations to continue to be sufficient to fund ongoing operating activities.