

**HENRICO COUNTY COURT APPOINTED SPECIAL
ADVOCATES, INC.**

**Financial Statements
for the year ended
June 30, 2022
(with comparative financial information for
the year ended June 30, 2021)**

HENRICO COUNTY COURT APPOINTED SPECIAL ADVOCATES, INC.

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Frank Barcalow CPA, P.L.L.C.
Certified Public Accountant

Independent Auditor's Report

The Board of Directors
Henrico County Court Appointed Special Advocates, Inc.
Henrico, Virginia

Opinion

We have audited the accompanying financial statements of Henrico County Court Appointed Special Advocates, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, 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 Henrico County Court Appointed Special Advocates, Inc. as of June 30, 2022 and 2021, 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.

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 auditor's responsibilities for the audit of the financial Statements section of our report. We are required to be independent of Henrico County Court Appointed Special Advocates, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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 Henrico County 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.

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, including omissions, are considered material if there is a substantial likelihood that, individually or in the 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 Henrico County 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 Henrico County 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.

Report on Summarized Comparative Information

We have previously audited the Henrico County Court Appointed Special Advocates, Inc. financial statements, and our report dated September 10, 2021, expressed an unqualified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in material respects, with the audited financial statements from which it has been derived.

Frank Barcalow CPA, P.L.L.C.

Frank Barcalow CPA, P.L.L.C.

Richmond, Virginia

August 12, 2022

Henrico County Court Appointed Special Advocates, Inc.

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Statement of Financial Position

June 30, 2022

(With summarized financial information for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 577,125	\$ 842,598
Investments	536,445	279,590
Prepaid expenses	9,652	2,050
Grant and other receivables	<u>38,405</u>	<u>17,500</u>
Total current assets	<u>1,161,627</u>	<u>1,141,738</u>
Property and equipment		
Furniture and equipment	18,013	14,129
Less accumulated depreciation	<u>13,822</u>	<u>12,870</u>
Total property and equipment	<u>4,191</u>	<u>1,259</u>
Total assets	<u>\$ 1,165,818</u>	<u>\$ 1,142,997</u>
Liabilities and net assets		
Liabilities		
Accounts payable	\$ 8,514	\$ 8,007
Deferred revenue	<u>53,813</u>	<u>40,000</u>
Total liabilities	<u>62,327</u>	<u>48,007</u>
Net assets		
Net assets without donor restrictions	<u>1,103,491</u>	<u>1,094,990</u>
Total liabilities and net assets	<u>\$ 1,165,818</u>	<u>\$ 1,142,997</u>

See notes to the financial statements.

Henrico County Court Appointed Special Advocates, Inc.

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Statement of Activities

For the Year Ended June 30, 2022

(With summarized financial information for the year ended June 30, 2021)

	<u>Net assets Without Restrictions</u>	<u>Net assets With Restrictions</u>	<u>Total 2022</u>	<u>Total 2021</u>
Public support and revenue				
Grants	\$ 283,729	\$ 129,250	\$ 412,979	\$ 333,873
Contributions	150,007	-	150,007	117,098
In-Kind contributions	136,689	-	136,689	43,528
Special event revenue	95,692	-	95,692	80,005
Interest income	208	-	208	969
Investment income	21,703	-	21,703	8,486
Realized gain on sale of investments	47,948	-	47,948	-
Unrealized (losses) gain on investments	(211,824)	-	(211,824)	56,176
Other income	7,740	-	7,740	710
Total public support and revenue	<u>531,892</u>	<u>129,250</u>	<u>661,142</u>	<u>640,845</u>
Net assets released from program restrictions	<u>129,250</u>	<u>(129,250)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>661,142</u>	<u>-</u>	<u>661,142</u>	<u>640,845</u>
Expenditures				
Program services	534,622	-	534,622	359,878
Supporting services				
General and administrative	71,283	-	71,283	52,111
Fundraising	46,736	-	46,736	34,151
Total Supporting services	<u>118,019</u>	<u>-</u>	<u>118,019</u>	<u>86,262</u>
Total expenditures	<u>652,641</u>	<u>-</u>	<u>652,641</u>	<u>446,140</u>
Change in net assets	8,501	-	8,501	194,705
Net assets at beginning of year	<u>1,094,990</u>	<u>-</u>	<u>1,094,990</u>	<u>900,285</u>
Net assets at end of year	<u>\$ 1,103,491</u>	<u>\$ -</u>	<u>\$ 1,103,491</u>	<u>\$ 1,094,990</u>

See notes to the financial statements.

Henrico County Court Appointed Special Advocates, Inc.

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Statement of Cash Flows

For the Year Ended June 30, 2022

(With comparative financial information for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 8,501	\$ 194,705
Adjustments to reconcile change in net assets to net cash(used in) provided by operating activities:		
Depreciation	1,783	2,038
Unrealized (gains) losses on investments	215,263	(56,176)
Realized (gains) losses on sale of investments	(51,380)	-
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	(7,602)	983
(Increase) decrease in grant and other receivables	(20,905)	257
Increase (decrease) in accounts payable	508	(3,894)
Increase (decrease) in deferred revenue	13,813	(28,033)
Net cash (used in) provided by operating activities	<u>159,981</u>	<u>109,880</u>
Cash flows from investing activities		
	(4,713)	-
Purchase of investments	(668,589)	(8,179)
Sales of investments	247,848	-
Net cash (used in) provided by investing activities	<u>(425,454)</u>	<u>(8,179)</u>
Net increase (decrease) in cash and cash equivalents	(265,473)	101,701
Cash and cash equivalents at beginning of year	<u>842,598</u>	<u>740,897</u>
Cash and cash equivalents at end of year	<u>\$ 577,125</u>	<u>\$ 842,598</u>
Supplemental disclosures of cash flow information		
Noncash transactions - donated services	\$ -	\$ -
Noncash transactions - donated special event costs	93,161	-
Noncash transactions - donated facilities	43,528	43,528
Total noncash transactions	<u>\$ 136,689</u>	<u>\$ 43,528</u>

See notes to the financial statements.

Henrico County Court Appointed Special Advocates, Inc.

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Statement of Functional Expenses

For the Year Ended June 30, 2022

(With summarized financial information for the year ended June 30, 2021)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2022 Total</u>	<u>2021 Total</u>
Salaries	\$ 286,720	\$ 46,555	\$ 35,597	\$ 368,872	\$ 321,558
Payroll taxes	22,109	3,590	2,745	28,444	24,786
Retirement	7,394	1,201	918	9,513	4,054
Total salaries and benefits	316,223	51,346	39,260	406,829	350,398
Supplies and communications	4,021	653	499	5,173	5,053
Postage and shipping	2,355	382	292	3,029	1,184
Printing and promotion	3,349	-	-	3,349	392
Professional fees	-	17,580	-	17,580	13,853
Travel	201	-	-	201	395
Education and outreach	77,197	-	-	77,197	28,689
Donated facilities	41,128	-	-	41,128	41,128
Insurance	-	1,322	-	1,322	1,194
Special events in-kind	86,476	-	6,685	93,161	-
Miscellaneous	1,889	-	-	1,889	1,816
Depreciation	1,783	-	-	1,783	2,038
Total expenses	<u>\$ 534,622</u>	<u>\$ 71,283</u>	<u>\$ 46,736</u>	<u>\$ 652,641</u>	<u>\$ 446,140</u>

See notes to the financial statements.

Henrico County Court Appointed Special Advocates, Inc.

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Notes to Financial Statements June 30, 2022

Note 1 – Nature of organization

The Henrico County Court Appointed Special Advocates, Inc. (Organization) is a non-stock corporation committed to advocating the best interests of children involved in the Juvenile and Domestic Relations District Court process. The CASA program recruits, trains, and supervises competent volunteers dedicated to representing the needs of abused and neglected children, as well as other children in juvenile dependency proceedings. The program promotes safe, permanent homes for children and seeks to educate the community concerning the needs of abused and neglected children. A significant level of annual financial support is provided through the government award programs which require CASA to adhere to certain compliance requirements.

Note 2 - Summary of significant accounting policies

Method of Accounting

The financial statements of Henrico County Court Appointed Special Advocates, Inc., have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of accounting and presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under generally accepted accounting principles of the United States, the Organization is required to report 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 with donor restrictions consist of assets whose use is limited by donor-imposed stipulations, that can be fulfilled by the actions of the Organization pursuant to those stipulations or that expire by the passage of time. Net assets without donor restrictions are assets that are no subject to or are no longer subject to donor-imposed stipulations.

Estimates

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

Cash equivalents

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

Property and equipment

Property and equipment is carried at cost and depreciated under the straight-line method over the estimated useful lives of the assets, ranging from five to seven years. The Organization capitalizes equipment purchased with a cost exceeding \$500. Any expenditures under \$500 are expensed as incurred. Donated equipment is recorded at fair market value.

Notes to Financial Statements June 30, 2022

Note 2 - Summary of significant accounting policies (continued)

Investments

Investments are composed of debt and equity securities. Investments in marketable securities and in debt securities with readily determinable fair values are reported at their fair values in the statement of financial position. Fair values are based upon quoted market prices. Donated investments are recorded at fair value as of the date received by the Organization.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Donated contributions are recorded at the fair value on the date of the gift.

All donor-restricted support is reported as an increase to net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated services, equipment and facilities

Donated facilities, equipment, and/or services are included in contributions, at fair market value as of the date of donation.

The Organization's volunteers comprised of business professionals and others committed to the Organization's mission have made significant contributions of their time to the Organization's program and supporting services. The value of such volunteers' services has not been reflected in the accompanying financial statements as it does not meet the criteria for revenue recognition. Volunteers hours unrecorded in the financial statement amounted to approximately 10,451 for the year ended June 30, 2022. The Commonwealth of Virginia has valued the time contributed by the Organization to the State at approximately \$320,000. The Organization recognizes donated facilities as support. This support is based upon use of office space as provided to the Organization by the County of Henrico at no cost. The value is recorded as income and expense in the Statement of Activities. The value is based on the current rental value of office space and amounted to \$41,128 for the year ended June 30, 2022.

Other donated services were recorded at fair market value totaled \$2,400 as of June 30, 2022 and are included in the Statement of Activities.

The Organization also held an event during 2022, of which approximately a value of \$93,000 of services was provided. This value is included in the financial statements.

Income taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the internal Revenue Code respectively, and is not considered a private foundation within the meaning of section 509(a) of the code. In addition, Henrico County Court Appointed Special Advocates, Inc., qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation. The Organization's income tax returns are potentially subject to examination by the Internal Revenue Service generally for three years after being filed.

**Notes to Financial Statements
June 30, 2022**

Note 2 - Summary of significant accounting policies (concluded)

Deferred revenue

Sponsorships or grant income received for future periods are recognized ratably over the period to which they apply.

Functional expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, costs have been allocated among the program and supporting services benefitted. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs, office supplies, and depreciation, which are allocated on an estimate of usage.

Reclassifications

Certain prior year balances may have been reclassified to conform to current year presentation.

Note 3 – Concentration of credit risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents are maintained in a financial institutions and are insured by the Federal Deposit Insurance Corporation up to \$250,000. Management believes there are no significant credit risks from receivables as they are primarily due from grant funding.

Note 4 – Investments

Investments as of June 30, 2022 and 2021 are as followed:

	<u>Cost</u>	<u>Fair Value</u>	2022 Unrealized Appreciation (Depreciation)
Bond funds	\$ 175 690	\$ 143 321	\$(32 369)
Cash funds	29 860	29 860	-
Equity funds	<u>486 640</u>	<u>363 264</u>	<u>(123 376)</u>
	<u>\$ 692 190</u>	<u>\$ 536 445</u>	<u>\$(155 745)</u>
			2021 Unrealized Appreciation (Depreciation)
	<u>Cost</u>	<u>Fair Value</u>	<u>(Depreciation)</u>
Bond funds	\$ 73 714	\$ 83 108	\$ 9 394
Equities and options	-	2 157	2 157
Equity funds	<u>149 794</u>	<u>194 325</u>	<u>44 531</u>
	<u>\$ 223 508</u>	<u>\$ 279 590</u>	<u>\$ 56 082</u>

**Notes to Financial Statements
June 30, 2022**

Note 4 – Investments (concluded)

Investment income included unrealized losses of \$(211,824), realized gains of \$47,948 and investment income of \$21,703 in the Statement of Activities as of June 30, 2022. Investment income included unrealized losses of \$0, unrealized gains of \$56,176 and investment income of \$8,486 in the Statement of Activities as of June 30, 2021.

Note 5 – Net assets with restrictions

Net assets with restrictions are balances available for programs as designated by the donors for events or programs.

Total net assets released from restrictions totaled \$134,240 in 2022 related to purpose and time restrictions.

Note 6 - Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 12, 2022, the date the financial statements were issued.

Note 7 - Fair value measurements

The Organization records fair value adjustments to certain assets and liabilities to determine fair value disclosures. The fair value of certain assets and liabilities is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Three levels of the fair value hierarchy are as follows:

Level 1 - Valuation is based on quoted price in active markets for identical assets and liabilities.

Level 2 - Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 - Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

All investments and liabilities were measured at fair value by level one valuation, because they generally provide the most reliable evidence of fair value

Note 8 - Future accounting pronouncements

In February 2016, *Financial Accounting Standards Board* (FASB) issued new guidance over leases which requires that all leasing activity with terms greater than one year be recognized on the statement of financial position with a right of use asset and a lease liability. The asset and corresponding liability will be calculated based upon the present value of lease payments. The new standard will be effective for periods beginning after December 2021.

**Notes to Financial Statements
June 30, 2022****Note 9 - Retirement Plan**

The Organization has a Simple IRA retirement plan, which covers all eligible employees. Contributions to the plan are based on 3% of eligible salaries. Contribution expense relating to the plan was \$9,512 in 2022.

Note 10 - Liquidity and Availability of Financial Assets

The Organization 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. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	<u>2022</u>	<u>2021</u>
Total financial assets	\$ 1 148 974	\$1 139 688
Less those available for general expenditures within one year due to:		
Board designated reserves	<u>445 807</u>	<u>\$ 394 867</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 703 167</u>	<u>\$ 744 821</u>

Note 11 - Contingencies

In December 2019, a novel strain of corona-virus was reported by the World Health Organization. The world wide spread this virus began to cause some business disruption in the United States in March 2020. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. While the Organization expects this matter could negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

Note 12 - Related party

The Organization established as of May 23, 2022 a wholly owned subsidiary named Virginia CASA Services, LLC. The Organization is the initial member with an interest of 100%. There was no activity as of June 30, 2022. The purpose of the LLC is to serve as the purchasing entity and to provide administrative services for health benefits offered to individuals employed by a CASA program in the Commonwealth of Virginia.