

**CONNECTICUT COURT APPOINTED
SPECIAL ADVOCATES, INC.**

Reviewed Financial Statements

December 31, 2022

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

TABLE OF CONTENTS

	Page(s)
Independent Accountant's Review Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Board of Directors
Connecticut Court Appointed Special Advocates, Inc.
New Haven, Connecticut

We have reviewed the accompanying financial statements of Connecticut Court Appointed Special Advocates, Inc. (the Organization) which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Connecticut Court Appointed Special Advocates, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

November 10, 2023
Farmington, Connecticut

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

Statement of Financial Position

December 31, 2022

(See Independent Accountant's Review Report)

Assets

Cash and cash equivalents	\$ 341,630
Grants receivable	167,108
Property and equipment, net	1,679
Operating lease right-of-use asset, net	20,104
Deposit	<u>1,500</u>
Total assets	<u>\$ 532,021</u>

Liabilities and Net Assets

Liabilities:

Accrued expenses	5,075
Obligation under operating lease	<u>20,591</u>
Total liabilities	<u>25,666</u>

Net assets:

Without donor restrictions	353,652
With donor restrictions	<u>152,703</u>
Total net assets	<u>506,355</u>

Total liabilities and net assets	<u>\$ 532,021</u>
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See accompanying notes to financial statements.

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

Statement of Activities

Year Ended December 31, 2022

(See Independent Accountant's Review Report)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Grants	\$ 97,741	\$ 217,391	\$ 315,132
Contributions	93,553	-	93,553
Other income	2,616	-	2,616
Interest	522	-	522
Loss on disposal of property and equipment	<u>(363)</u>	<u>-</u>	<u>(363)</u>
	194,069	217,391	411,460
Net assets released from restrictions	<u>192,250</u>	<u>(192,250)</u>	<u>-</u>
Total support and revenue	<u>386,319</u>	<u>25,141</u>	<u>411,460</u>
Expenses:			
Program	186,894	-	186,894
Management and general	<u>65,614</u>	<u>-</u>	<u>65,614</u>
Total expenses	<u>252,508</u>	<u>-</u>	<u>252,508</u>
Change in net assets	133,811	25,141	158,952
Net assets at beginning of year	<u>219,841</u>	<u>127,562</u>	<u>347,403</u>
Net assets at end of year	<u>\$ 353,652</u>	<u>\$ 152,703</u>	<u>\$ 506,355</u>

See accompanying notes to financial statements.

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

Statement of Functional Expenses

Year Ended December 31, 2022

(See Independent Accountant's Review Report)

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and benefits	\$ 167,722	\$ 41,931	\$ 209,653
Operating lease cost	9,861	2,465	12,326
Professional fees	-	10,904	10,904
Office supplies	5,166	1,291	6,457
Insurance	-	3,546	3,546
Continuing education	1,794	449	2,243
Travel	1,460	365	1,825
Marketing	-	1,386	1,386
Miscellaneous	-	1,100	1,100
Telephone and internet	631	158	789
Payroll processing fees	-	697	697
Donations	-	635	635
Depreciation	-	622	622
Dues and subscriptions	<u>260</u>	<u>65</u>	<u>325</u>
Total expenses	<u>\$ 186,894</u>	<u>\$ 65,614</u>	<u>\$ 252,508</u>

See accompanying notes to financial statements.

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

Statement of Cash Flows

Year Ended December 31, 2022

(See Independent Accountant's Review Report)

Cash flows from operating activities

Change in net assets	\$ 158,952
Adjustments needed to reconcile to net cash flows:	
Noncash items included in change in net assets:	
Depreciation	622
Amortization of right-of-use asset	11,938
Loss on disposal of property and equipment	363
	<u>12,923</u>
Changes in operating assets and liabilities:	
(Increase) decrease in operating assets:	
Grants receivable	(80,861)
Deposit	(1,500)
	<u>(82,361)</u>
Increase (decrease) in operating liabilities:	
Accrued expenses	5,075
Obligation under operating lease	(11,451)
	<u>(6,376)</u>
Net cash flows from operating activities	<u>83,138</u>

Cash flows from investing activities

Purchases of property and equipment	<u>(990)</u>
Net cash flows from investing activities	<u>(990)</u>
Net increase in cash and cash equivalents	82,148
Cash and cash equivalents at beginning of year	<u>259,482</u>
Cash and cash equivalents at end of year	<u>\$ 341,630</u>

Supplemental disclosure of cash flow information

Cash paid for amounts included in the measurement of lease liabilities:	
Payments on operating lease	\$ 11,653

Supplemental disclosures of non-cash operating activities

During 2022, CT CASA obtained a right-of-use asset in exchange for an obligation under operating lease of \$32,042.

See accompanying notes to financial statements.

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

Notes to Financial Statements

December 31, 2022

(See Independent Accountant's Review Report)

(1) **Organization, Basis of Presentation, and Summary of Significant Accounting Policies**

Organization

Connecticut Court Appointed Special Advocates, Inc. (CT CASA) is a not for profit corporation formed under the laws of the state of Connecticut and was established by the National Court Appointed Special Advocates Association (National CASA) to support National CASA programming at the state level and ensure that the National CASA mission of providing abused and neglected children with well trained, highly qualified volunteer advocates is properly implemented throughout the state of Connecticut. CT CASA works in a variety of ways, both behind the scenes and forward facing, to ensure that the highest quality volunteer advocacy is provided for abused and neglected children in Connecticut. CT CASA is a proven nationwide model that effectively advocates for children.

Effective January 1, 2022, the boards of directors of Connecticut Court Appointed Special Advocates, Inc., Court Appointed Special Advocates of Northern Connecticut, Inc., and Court Appointed Special Advocates of Southern Connecticut, Inc. approved a merger to form Connecticut Court Appointed Special Advocates, Inc., as a result, \$166,420 of net assets without restrictions were transferred to CT CASA.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

CT CASA presents information regarding their financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions – Net assets available for operating purposes or invested in property and equipment and not subject to donor restrictions.

Net assets with donor restrictions – Net assets which are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature and will be met by the passage of time or the occurrence of events specified by the donor. Other donor-imposed restrictions are perpetual in nature and stipulate that resources be maintained permanently. Donor-imposed restrictions are released when a restriction expires, such as when the stipulated time has elapsed, when the stipulated purpose for which the resources have been restricted has been fulfilled, or both. At December 31, 2022, CT CASA did not have any net assets with donor restrictions that would have to be maintained in perpetuity.

Summary of Significant Accounting Policies

(a) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, support, and expenses during the reporting period. Actual results could differ from those estimates.

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

Notes to Financial Statements

(b) Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and highly liquid investments held in various checking and money market accounts with maturity dates of less than three months. CT CASA has concentrated their credit risk for cash by maintaining deposits in one financial institution which, at times, may exceed federally insured limits. The balance of cash at a financial institution that exceeded the federally insured limit as of December 31, 2022 was \$91,630. CT CASA has not experienced any losses in such accounts, and they believe that they are not exposed to any significant risk on cash and cash equivalents.

(c) Grants Receivable

Grants receivable consists of unconditional promises to give for grants to be received in future years. The amounts expected to be collected within one year are recorded at net realizable value. The amounts expected to be collected beyond one year are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk adjusted rates applicable to the years in which the amounts will be received. Amortization of the discounts is included in grant income. Conditional grants are not included in grant income until the conditions are substantially met.

(d) Property and Equipment

Property and equipment are carried at cost if purchased or at fair value if contributed. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Cost and accumulated depreciation of assets retired or disposed of are eliminated from asset and related reserve accounts. Gains or losses on disposal of assets are credited to revenue or charged to expense. Expenditures for maintenance and repairs are charged directly to expense.

(e) Leases

CT CASA determines if an arrangement is a lease at inception based on whether CT CASA has the right to control the asset during the contract period and other facts and circumstances. The lease terms may include options to extend or terminate the lease when it is reasonably certain that CT CASA will exercise that option. Contracts with a term greater than one year that convey the right to direct the use of and obtain substantially all of the economic benefit of an asset are accounted for as a right-of-use (ROU) asset.

Operating lease ROU assets represent a right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Leases with a lease term of 12 months or less at the inception, including month-to-month leases are not recorded on the statement of financial position and are expensed on a straight-line basis over the lease term on the statement of activities. CT CASA determines a lease term by assuming the exercise of any renewal options that are reasonably certain. If a lease does not provide an implicit rate, CT CASA uses the risk-free borrowing rate (for a term similar to the duration of the lease) based on the information available at the commencement date in determining the present value of future operating lease payments. When a contract contains lease and non-lease components, CT CASA accounts for both components as a single lease component. Non-lease components (utilities and maintenance expenses, etc.) are excluded from the measurement of the ROU asset and lease liability calculations. Payments that are not fixed at the commencement of the lease are considered variable and are excluded from the measurement of the ROU asset and lease liability calculations. Operating lease expense is recognized on a straight-line basis over the lease term.

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

Notes to Financial Statements

CT CASA leases office space in New Haven, CT. The operating lease is included in operating lease right-of-use (ROU) asset and obligation under operating lease on the statement of financial position.

(f) Support and Revenue

Contributions are recorded when received, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to CT CASA, as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Grants to CT CASA are recognized as income when received and are reported as an increase in net assets without donor restrictions or net assets with donor restrictions depending on the conditions set by the grantor and are included in grants in the accompanying statement of activities.

Donor-restricted support is reported as an increase in net assets with donor restrictions. 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 net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Grants and contributions received whose restrictions are met in the same period are presented within net assets without donor restrictions.

Contributions of noncash assets are recorded at their estimated fair value when received. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition in the financial statements. However, a substantial number of unpaid volunteers have made significant contributions of their time to CT CASA.

Expenses are recorded when incurred in accordance with accounting principles generally accepted in the United States of America.

(g) Advertising

CT CASA expenses advertising costs as incurred.

(h) Income Taxes

CT CASA qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made related to its exempt activities.

(i) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. The expenses that are allocated include salaries and benefits and other expenses that are allocated based on estimated time and effort or the use of items such as office supplies, operating lease cost, and utilities. Fundraising activities were minimal during 2022, as such, no amounts were allocated to fundraising.

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

Notes to Financial Statements

(j) Adoption of New Accounting Standard - Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-02 *Leases*, Topic 842 known as FASB Accounting Standards Codification 842 (ASC 842) which requires lessees to recognize most leases on the statement of financial position. The purpose of the new standard is to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

CT CASA adopted ASC 842 effective January 1, 2022, and recognized and measured leases existing at, or entered into after, January 1, 2022 using a modified retrospective approach, which permits CT CASA to not apply the new lease standard to the prior year periods in the year of adoption. CT CASA elected the package of practical expedients to alleviate certain operational complexities related to the adoption, which allowed them to carry forward the existing lease classifications, and does not require them to reassess whether any expired or existing contracts contain leases in accordance with the new guidance.

Upon adoption of ASC 842, CT CASA recorded an ROU asset and lease liability of \$32,042 for its operating lease. The standard did not materially impact the statements of activities or cash flows as a result of adoption. There was no change to net assets as of January 1, 2022 as a result of the transition.

See Note 4 for required disclosures under ASC 842.

(k) Subsequent Events

Management has evaluated subsequent events through November 10, 2023, which is the date management approved the financial statements and the statements were available for issuance.

(2) Grants Receivable

The grants receivable qualify as unconditional promises to give and are expected to be collected in less than one year.

(3) Property and Equipment

Property and equipment consists of the following:

Computer equipment	\$ 4,096
Less accumulated depreciation	<u>(2,417)</u>
	<u>\$ 1,679</u>

Depreciation expense for 2022 was \$622.

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

Notes to Financial Statements

(4) Leases

CT CASA leases office space in New Haven, CT under the terms of an operating lease. The remaining lease term is one year and eight months, through August 31, 2024. The lease term included in the measurement of right-of-use assets and lease liabilities includes any lease term extension that CT CASA is certain to exercise.

The following are components of lease expense under ASC 842 and other information related to the lease at December 31, 2022:

Components of lease cost:

Operating lease cost	\$ 12,140
Variable lease cost	<u>186</u>
Total lease cost	<u>\$ 12,326</u>

Other information related to the lease:

Weighted average remaining lease term:	1.67 years
Weighted average discount rate:	0.78%

Future maturities of the lease liability under the non-cancellable lease term in excess of one year are as follows:

2023	\$ 12,240
2024	8,480
Thereafter	<u>-</u>
Total gross lease payments	20,720
Less: imputed interest	<u>(129)</u>
Total lease liability	<u>\$ 20,591</u>

The lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The following is a summary of obligation under operating lease at December 31, 2022:

Current obligation under operating lease	\$ 12,130
Long-term obligation under operating lease	<u>8,461</u>
Total obligation under operating lease	<u>\$ 20,591</u>

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

Notes to Financial Statements

(5) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

Subject to expenditures for a specified purpose
or passage of time:

VOCA/ARPA Grant	\$ 93,721
National CASA Growth Grant	<u>58,982</u>
	<u>\$ 152,703</u>

Net assets were released from donor restrictions by satisfying the restrictions imposed by donors as follows:

Purpose or time restriction accomplished:

VOCA/ARPA Grant	\$ 48,670
National CASA Special Project Grant	44,695
National CASA Mentoring Year 2 Grant	42,050
National CASA Core Model Grant	40,817
National CASA Growth Grant	<u>16,018</u>
	<u>\$ 192,250</u>

(6) Grants from National

During 2022, CT CASA received a Growth grant in the amount of \$75,000 from the National CASA to be used for approved project activities and in accordance with the approved project budget. As of December 31, 2022, \$16,018 had been used for approved project activities and in accordance with the approved project budget and is included in net assets released from restrictions in the accompanying statement of activities. The remaining balance of \$58,982 is expected to be used during 2023 and is included in net assets with donor restrictions.

During 2021, CT CASA received Core Model and Special Project grants in the amount of \$183,095 from the National CASA and a Mentoring Year 1 grant was repackaged into a Mentoring Year 2 grant in the amount of \$53,204 to be used for approved project activities and in accordance with the approved project budgets. As of December 31, 2022, the prior year balances on these grants of \$127,562 have been used for approved project activities and in accordance with the approved project budgets and are included in net assets released from restrictions in the accompanying statement of activities.

CONNECTICUT COURT APPOINTED SPECIAL ADVOCATES, INC.

Notes to Financial Statements

(7) Liquidity and Availability of Financial Assets

CT CASA's financial assets available for general expenditures within one year of the statement of financial position are as follows:

Cash and cash equivalents	\$ 341,630
Grants receivable	167,108
Less: Grants not available for general expenditures within one year, due to donor restrictions by purpose or time	<u>(152,703)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 356,035</u>

CT CASA monitors the level of liquidity required to meet its operating needs and other contractual commitments.