

CASA OF SOUTHWESTERN ILLINOIS
(A NONPROFIT ORGANIZATION)

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2022 AND 2021



CASA OF SOUTHWESTERN ILLINOIS
(A NONPROFIT ORGANIZATION)
TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3-4
FINANCIAL STATEMENTS:	
<u>EXHIBIT</u>	
A Statements of Financial Position	5
B Statements of Activities	6
C Statements of Functional Expenses	7
D Statements of Cash Flows	8-9
NOTES TO FINANCIAL STATEMENTS	10-18



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT

Board of Directors
CASA of Southwestern Illinois
Belleville, Illinois

Opinion

We have audited the accompanying financial statements of CASA of Southwestern Illinois (CASA) (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 CASA of Southwestern Illinois as of December 31, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CASA of Southwestern Illinois and to meet our other ethical responsibilities in accordance with relevant ethical requirement relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CASA of Southwestern Illinois' 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 and *Government 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 controls. Misstatements 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 and *Government Auditing Standards*, we:

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023, on our consideration of CASA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CASA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CASA's internal control over financial reporting and compliance.



SCHEFFEL BOYLE
Belleville, Illinois

June 21, 2023



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

Board of Directors
CASA of Southwestern Illinois
Belleville, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of CASA of Southwestern Illinois (a nonprofit organization), which comprise the statements of financial position as of December 31, 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, and have issued our report thereon dated June 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CASA of Southwestern Illinois' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CASA of Southwestern Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of CASA of Southwestern Illinois' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CASA of Southwestern Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


SCHEFFEL BOYLE
Belleville, Illinois

June 21, 2023

CASA OF SOUTHWESTERN ILLINOIS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 107,248	\$ 63,800
Cash - Brokerage Statements	4,335	5,265
Investments - Equity Securities	85,244	123,423
Accounts Receivable - Grants	51,564	135,629
Prepaid Expenses	4,019	3,177
Total Current Assets	<u>252,410</u>	<u>331,294</u>
PROPERTY AND EQUIPMENT:		
Furniture, Fixtures and Equipment	2,278	2,278
Less Accumulated Depreciation	<u>(2,278)</u>	<u>(2,278)</u>
Net Property and Equipment	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 252,410</u></u>	<u><u>\$ 331,294</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 12,045	\$ 54,188
Accrued Vacation	4,241	2,098
Accrued Wages	8,654	7,364
Accrued Simple Match	6,491	4,798
Unremitted Payroll Withholding	8,640	9,454
Deferred Grant Revenue	39,492	35,000
Total Current Liabilities	<u>79,563</u>	<u>112,902</u>
NET ASSETS:		
Without Donor Restrictions	<u>172,847</u>	<u>218,392</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 252,410</u></u>	<u><u>\$ 331,294</u></u>

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

CASA OF SOUTHWESTERN ILLINOIS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
NET ASSETS:				
Revenue and Other Support				
State Grants	\$ 33,692	\$ -	\$ 27,130	\$ -
Federal Grants	374,613	-	303,848	-
Local Grants	383,421	-	382,924	-
Fundraising Events				
Special Event Revenue	48,538	-	-	-
Less Costs of Direct Benefit to Donors	(17,024)	-	-	-
Contributions of Cash	65,627	-	81,395	-
In-Kind Contributions	7,422	-	882	-
Investment Return, Net	(13,722)	-	9,433	-
Total Revenue and Other Support	<u>882,567</u>	<u>-</u>	<u>805,612</u>	<u>-</u>
EXPENSES:				
Program Services	850,895	-	726,388	-
Supporting Services	64,067	-	43,443	-
Fundraising	13,150	-	6,172	-
Total Expenses	<u>928,112</u>	<u>-</u>	<u>776,003</u>	<u>-</u>
Increase (Decrease) in Net Assets	(45,545)	-	29,609	-
NET ASSETS, BEGINNING OF YEAR	<u>218,392</u>	<u>-</u>	<u>188,783</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 172,847</u>	<u>\$ -</u>	<u>\$ 218,392</u>	<u>\$ -</u>

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

CASA OF SOUTHWESTERN ILLINOIS
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021			
	Without Donor Restrictions			Without Donor Restrictions			
	Total	Program Expenses	Administrative and General	Fundraising	Program Expenses	Administrative and General	Fundraising
Salaries and Benefits	\$ 477,482	\$ 416,490	\$ 48,955	\$ 12,037	\$ 394,919	\$ 30,408	\$ 4,954
Payroll Tax Expense	44,142	38,503	4,526	1,113	44,305	3,411	556
Health Insurance	39,560	37,974	1,586	-	34,592	1,324	662
Advertising	100,379	100,379	-	-	75,005	-	-
Travel	20,659	20,659	-	-	16,538	-	-
Postage	11,250	11,250	-	-	5,356	-	-
Office	16,297	16,297	-	-	24,661	-	-
Computer Maintenance	1,771	1,771	-	-	4,779	-	-
Telephone	13,524	13,524	-	-	11,630	-	-
Dues and Fees	4,599	4,599	-	-	2,246	-	-
Grant Expenses	56,987	56,987	-	-	19,114	-	-
Miscellaneous	416	416	-	-	29	-	-
Professional Services	30,794	21,794	9,000	-	43,160	8,300	-
Printing	-	-	-	-	189	-	-
Staff Development/Training	46,043	46,043	-	-	33,656	-	-
Internet	773	773	-	-	649	-	-
Copier Lease Expense	3,232	3,232	-	-	4,377	-	-
Insurance	7,607	7,607	-	-	7,186	-	-
Janitor Expense	9,880	9,880	-	-	11,430	-	-
Rent/Utilities	42,717	42,717	-	-	42,182	-	-
	<u>\$ 928,112</u>	<u>\$ 850,895</u>	<u>\$ 64,067</u>	<u>\$ 13,150</u>	<u>\$ 776,003</u>	<u>\$ 43,443</u>	<u>\$ 6,172</u>

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

CASA OF SOUTHWESTERN ILLINOIS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ (45,545)	\$ 29,609
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Realized (Gains) on Sales of Investments	(1,855)	(3,779)
Unrealized (Gains) Losses on Investments	17,338	(4,109)
Changes in Assets and Liabilities		
(Increase) Decrease in Assets		
Accounts Receivable	84,065	(48,110)
Prepaid Expenses	(842)	(488)
Increase (Decrease) in Liabilities		
Accounts Payable	(42,143)	23,437
Accrued Vacation	2,143	(418)
Accrued Wages	1,290	(10,428)
Accrued Simple Match	1,693	(1,148)
Unremitted Withholding	(814)	6,986
Deferred Grant Revenue	4,492	35,000
Total Adjustments	<u>65,367</u>	<u>(3,057)</u>
Net Cash Provided by Operating Activities	<u>19,822</u>	<u>26,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(9,521)	(10,648)
Purchase of Certificates of Deposit	-	(24)
Sale of Investments	32,217	-
Net Cash Provided (Used) by Investing Activities	<u>22,696</u>	<u>(10,672)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Line-of-Credit	115,379	54,000
Payments on Line-of-Credit	<u>(115,379)</u>	<u>(54,000)</u>
Net Cash Provided by Financing Activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,518	15,880
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>69,065</u>	<u>53,185</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 111,583</u>	<u>\$ 69,065</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION:		
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>
Interest Paid	<u>\$ 1,087</u>	<u>\$ -</u>

CASA OF SOUTHWESTERN ILLINOIS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
As reported on the Exhibit "A"		
Cash and Cash Equivalents	\$ 107,248	\$ 63,800
Cash - Brokerage Statement	4,335	5,265
	<u>\$ 111,583</u>	<u>\$ 69,065</u>

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

CASA OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

CASA of Southwestern Illinois (CASA) is a nonprofit organization operating as a court appointed special advocate for abused and neglected children in St. Clair, Madison, Monroe and Randolph counties of Illinois. CASA is a publicly supported organization, which also receives various grants including one through the State of Illinois Attorney General and the Violent Crime Victims Assistance Act.

B. Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

C. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances, however, actual results could differ from those estimates.

D. Classification of Net Assets

In order to ensure observation of limitations and restrictions on the use of resources available to CASA, its net assets are reported in one of two classes: with donor restrictions and without donor restrictions and are maintained in accordance with the principles of fund accounting.

- Net assets without donor restrictions include those resources which may be used for any purpose. Donor restricted contribution revenues whose restrictions are met in the same period are reported as net assets without donor restrictions.
- Net assets with donor restrictions may be used only after the passage of a donor or grantor stipulated period of time or for a donor or grantor specified purpose or must be maintained intact as stipulated by the donor; however, most of the income derived from these net assets generally may be expended according to donor specified terms.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, CASA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash

CASA OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Cash and Cash Equivalents (cont'd)

equivalents. As of December 31, 2022 and 2021, cash accounts were maintained in bank checking and money market accounts.

F. Donations

Donations received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

G. Property and Equipment

CASA capitalizes all expenditures for property and equipment with an estimated useful life of greater than one year with a cost of \$2,500 or more. Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. The cost of equipment is being depreciated over five to seven years using the straight-line and modified cost recovery system provided by the Internal Revenue Code. Depreciation expense for the years ended December 31, 2022 and 2021 was \$-0- and \$-0-, respectively.

H. Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include compensation and benefits, professional services, supplies and other, which are allocated on the basis of estimates of time and effort.

I. Revenue Recognition

Amounts received under government grants, other grants, fundraising events and donations are recorded as revenue in the financial statements as services are provided. Amounts are recorded as revenue in net assets without donor restrictions as costs are incurred and CASA provides a service for these funds.

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the nature of the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. As permitted by generally accepted accounting principles, contributions that are restricted by the donor are generally reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

CASA OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

J. Deferred Revenue

Income from grants are deferred and recognized over the periods to which the grants relate. As of December 31, 2022 and 2021, deferred revenue is \$39,492 and \$35,000, respectively.

K. Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change of net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

L. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect at year end. Based on management's assessment of the history with grantors having outstanding balances and current relationships with them, CASA has concluded that uncollectable balances outstanding at year end will be immaterial.

M. Compensated Absences

Employees earn vacation time throughout the year. Employees have the ability to roll over up to 37.5 hours of accrued vacation time from one year to the next and will be paid out in the event of job separation, termination, or retirement. Employees can roll over 20 hours of accrued sick leave into the following year. No sick leave payment will be made upon an employee's termination of employment. Compensated absences totaled \$4,241 and \$2,098 for the years ended December 31, 2022 and 2021, respectively. The accrual for compensated absences is included in current liabilities on the statement of financial position.

N. Donated Services (Unaudited)

No amounts have been reflected in the financial statements for donated services. CASA generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist CASA with its activities, but these services do not meet the criteria for recognition as contributed services. The value of donated services was \$197,718 and \$265,956 for the years ending December 31, 2022 and 2021, respectively.

CASA OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

O. Tax Status

CASA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, CASA has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2022 or 2021.

Management believes it files tax returns in all appropriate jurisdictions. The open tax years are those years ended December 31, 2020 through December 31, 2022. The tax return for the year ended December 31, 2022 will be filed subsequent to this report. As of December 31, 2022 and 2021, CASA has no recorded liability for unrecognized tax benefits.

P. New FASB Pronouncements

Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. FASB ASC 842, *Leases*, supersedes the lease requirements in FASB ASC 840. The new standard establishes a right of use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized on a straight-line basis over the lease term. The adoption of this new guidance did not have a material effect on the financial statements.

Effective December 31, 2022, the Organization adopted FASB ASU 2020-07, *Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The adoption of this new guidance did not have a material effect on the financial statements.

Q. Management Evaluation

Management has evaluated subsequent events through June 21, 2023, the date on which the financial statements were available to be issued.

CASA OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. FAIR VALUE MEASUREMENT

CASA applies accounting principles generally accepted in the United States of America for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. Accounting principles generally accepted in the United States of America establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in the tables below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022 and 2021:

	Fair Value	Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2)
<u>December 31, 2022</u>		
Certificates of Deposit	\$ -	\$ -
Total Assets in the Fair Value Hierarchy	-	\$ -
Investments Measured at NAV	85,244	
Total	<u>\$ 85,244</u>	
<u>December 31, 2021</u>		
Certificates of Deposit	\$ 29,904	\$ 29,904
Total Assets in the Fair Value Hierarchy	29,904	<u>\$ 29,904</u>
Investments Measured at NAV	93,519	
Total	<u>\$ 123,423</u>	

CASA OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. FAIR VALUE MEASUREMENT (CONT'D)

Level 2 Fair Value Measurements

The fair values of certificates of deposit for which quoted market prices are not available are based on quoted market prices for similar assets in markets that are not active.

Fair Value of Investments that Calculate Net Asset Value

The following table summarizes investments measured at fair value based on net asset value (NAVs) per share as of December 31, 2022 and 2021, respectively.

	<u>December 31,</u>		<u>Unfunded</u>	<u>Redemption</u>
	<u>2022</u>	<u>2021</u>		
	<u>Fair Value</u>	<u>Fair Value</u>		<u>Notice Period</u>
Domestic Equity Pool	\$ 40,317	\$ 42,902	\$ -	Unlimited
Intermediate Fixed Income Pool	8,659	9,609	-	Unlimited
Short-Term Fixed Income Pool	21,785	24,027	-	Unlimited
International Equity Pool	14,483	16,981	-	Unlimited

The following summarizes the investment strategy for each of CASA's investments in the table presented above:

- a. The Equity Pool's long-term investment objective is to obtain broad equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalization and regions.
- b. The Intermediate Fixed Income Pool purpose is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U. S. income markets. The Pool is diversified across U. S. Treasury notes and bonds, corporate bonds, bank loans, mortgage-backed securities and U. S. Treasury Inflation-Protected Securities.
- c. The Short-Term Fixed Income Pool purpose is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U. S. income markets. The Pool is diversified across U. S. Treasury notes and bonds, corporate bonds, bank loans, mortgage-backed securities and U. S. Treasury Inflation-Protected Securities.
- d. The International Equity Pool purpose is to obtain broad international equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions.

CASA OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3. LEASES

CASA entered into an office space lease during a prior year for \$2,606 per month starting February 2020 through January 2023. Starting February 2023 the lease is now month-to-month. The Organization elects to treat this lease as a short-term lease by recognizing the lease payments in the statement of activities in the period in which the payment is incurred. The operating lease expenses that are included in the statement of activities for short-term leases for the years ended December 31, 2022 and 2021 are \$31,272 and \$31,272, respectively.

NOTE 4. COMMITMENTS

CASA receives funding from various grants, which are subject to audits by the granting agencies. CASA believes any adjustments that may arise from the audits will be insignificant to its operations.

NOTE 5. ADVERTISING

CASA uses advertising to promote their purpose and for fundraising activities. These costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 was \$100,379 and \$75,005, respectively. The increase in advertising expense was attributable to increases in grant funding.

NOTE 6. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at various local banks. All accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 regardless whether interest or non-interest bearing. At December 31, 2022 and 2021 the Organization's cash balances, per the bank records, in excess of insured limits totaled \$-0-.

Other financial instruments which potentially expose the Organization to concentration of credit risk are accounts receivable. The Organization's accounts receivable are uncollateralized. Management believes losses realized on amounts outstanding at year end will be immaterial. Accordingly, accounts receivable are reported at the amount of principal outstanding.

NOTE 7. RISKS AND UNCERTAINTIES

The Organization's programs are dependent upon funds being received from the State of Illinois and the United Way. A significant reduction in these funds would have a material effect on the Organization's financial position. A portion of accounts receivable at December 31, 2022 and 2021 are due from the State of Illinois.

CASA OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 8. PENSION PLAN

The Organization established a Savings Incentive Match Plan for Employees (SIMPLE) IRA. The plan is available to eligible employees who have earned \$5,000 in any two years and expect to earn \$5,000 in the current year. The Organization contributed a dollar-for-dollar match up to 3% of employee's compensation for contributions of \$6,491 and \$4,798 for the years ended December 31, 2022 and 2021, respectively.

NOTE 9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is primarily funded by grants and donations. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities and other obligations become due.

For the year ended December 31, 2022, the Organization has \$248,391 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$111,583, investments of \$85,244 and accounts receivable - grants of \$51,564. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The accounts receivables are subject to time restrictions but are expected to be collected within one year. The Organization has a \$40,000 line-of-credit available to use during the year.

For the year ended December 31, 2021 the Organization has \$328,117 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$69,065, investments of \$123,423 and accounts receivable - grants of \$135,629. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The accounts receivables are subject to time restrictions but are expected to be collected within one year. The Organization has a \$40,000 line-of-credit available to use during the year.

NOTE 10. REVOLVING LINE-OF-CREDIT

The Organization has a revolving line-of-credit with a local bank. Under the terms of the line-of-credit, the Organization may borrow up to a maximum of \$40,000. The loan is due on demand. Interest is stated at 1.00% above prime with a floor of 5.00% and is collateralized by the Organization's investments. During the year, the Organization borrowed a total of \$115,379 and paid the balance off before the end of the year. During the prior year, the Organization borrowed a total of \$54,000 and paid the balance off before the end of the year.

CASA OF SOUTHWESTERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 11. IN-KIND CONTRIBUTIONS

The Organization's consolidated financial statements include the following in-kind contributions revenue and support, and associated expense:

Other

Other in-kind contributions consist primarily of donated items for auctioning off during the dinner auction. These items are recognized as in-kind contributions at fair value, with a corresponding expense, as they are auctioned. The Organization values these items at either face value or fair value on the date received depending on the nature of the item.

CASA is provided with office space at no cost in Madison County which has an estimated value of \$882 based on square foot for the years ended December 31, 2022 and 2021.

During the year ended December 31, 2022 and 2021, the Organization received the following in-kind contributions:

	<u>2022</u>	<u>2021</u>
Auction Items	\$ 6,540	\$ -
Rent	882	882
	<u>\$ 7,422</u>	<u>\$ 882</u>