



**PENNSYLVANIA CASA ASSOCIATION, INC.**

**REPORT ON FINANCIAL STATEMENTS**

**JUNE 30, 2023**



**PENNSYLVANIA CASA ASSOCIATION, INC.**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors

***Pennsylvania CASA Association, Inc. (PA CASA)***

### **Opinion**

We have audited the accompanying financial statements of **PA CASA** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

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

### **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 **PA CASA's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

#### **Report on Summarized Comparative Information**

We have previously audited **PA CASA's** 2022 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 31, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Bysiek CPA, PLLC*

**BYSIEK CPA, PLLC  
SEPTEMBER 28, 2023  
OLEAN, NY 14760**

**PENNSYLVANIA CASA ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**

<i>As of June 30,</i>	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current assets		
Cash	\$ 30,945	\$ 212,549
Pledges receivable, current	5,000	5,000
Accounts receivable	983,458	15,053
Prepaid expenses	11,724	21,056
Total current assets	1,031,126	253,659
Noncurrent assets		
Pledges receivable, long-term	10,000	15,000
Total assets	\$ 1,041,126	\$ 268,659
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 706,166	\$ 13,855
Demand notes payable	275,360	-
Due to other agencies	24,175	31,683
Deferred revenue	-	50,457
Current portion of long-term debt	8,615	8,530
Total current liabilities	1,014,316	104,526
Loan payable, long-term portion	18,670	26,106
Total liabilities	1,032,986	130,632
Net assets (deficit)		
Without donor restrictions	(24,873)	15,505
With donor restrictions	33,014	122,522
Total net assets (deficit)	8,141	138,027
Total liabilities and net assets	\$ 1,041,126	\$ 268,659

***See independent auditor's report and accompanying notes to the financial statements***

**PENNSYLVANIA CASA ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**

*For the Year Ended June 30,*

	<b>2023</b>			<b>2022</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>Support and revenue</b>				
Grants	\$ 2,131,401	\$ -	\$ 2,131,401	\$ 966,394
Contributions	19,227	-	19,227	66,055
Special events	28,015	-	28,015	52,009
Net assets released from restrictions	89,508	(89,508)	-	-
Total support and revenue	2,268,151	(89,508)	2,178,643	1,084,458
<b>Expenses</b>				
Program services	2,092,733	-	2,092,733	734,658
Management and general	159,356	-	159,356	112,209
Fundraising	56,439	-	56,439	42,142
Total expenses	2,308,529	-	2,308,529	889,009
<b>Change in net assets (deficit)</b>	(40,378)	(89,508)	(129,886)	195,449
Net assets, beginning of year	15,505	122,522	138,027	(57,422)
<b>Net assets (deficit), end of year</b>	<b>\$ (24,873)</b>	<b>\$ 33,014</b>	<b>\$ 8,141</b>	<b>\$ 138,027</b>

***See independent auditor's report and accompanying notes to the financial statements***

**PENNSYLVANIA CASA ASSOCIATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

<i>For the Year Ended June 30,</i>	<b>2023</b>				<b>2022</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
Personnel					
Salaries and wages	\$ 564,482	\$ 90,874	\$ 34,130	\$ 689,486	\$ 605,052
Payroll taxes	49,669	7,996	3,003	60,668	51,146
Employee benefits	44,591	7,179	2,696	54,465	9,799
Total personnel	<u>658,742</u>	<u>106,049</u>	<u>39,829</u>	<u>804,619</u>	<u>665,998</u>
Other expenses					
Grants	1,090,975	-	-	1,090,975	-
Advertising and promotion	12,024	1,936	727	14,686	53,073
Professional fees	119,797	19,286	7,243	146,325	46,173
Information technology	22,012	3,544	1,331	26,886	12,748
Travel and training	66,873	10,766	4,043	81,681	11,679
Conferences and programs	68,288	-	-	68,288	37,654
Dues and subscriptions	2,292	369	139	2,799	5,450
Insurance	11,227	1,807	679	13,713	8,605
Office expenses	11,692	1,882	707	14,282	23,420
Postage and printing	2,805	452	170	3,426	482
Repairs and maintenance	13,785	2,219	833	16,837	5,621
Interest	-	9,080	-	9,080	2,142
Occupancy	11,348	1,827	686	13,861	15,020
Miscellaneous	876	141	53	1,070	944
Total other expenses	<u>1,433,992</u>	<u>53,308</u>	<u>16,611</u>	<u>1,503,910</u>	<u>223,011</u>
Total expenses	<u>\$ 2,092,733</u>	<u>\$ 159,356</u>	<u>\$ 56,439</u>	<u>\$ 2,308,529</u>	<u>\$ 889,009</u>

<i>For the Year Ended June 30,</i>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>		
Change in net assets (deficit)	\$ (129,886)	\$ 195,449
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Restricted contributions	-	(102,522)
Forgiveness of PPP loans	-	(66,464)
Change in:		
Accounts receivable	(968,405)	91,403
Pledges receivable	5,000	(20,000)
Prepaid expenses	9,333	(10,053)
Accounts payable and accrued expenses	692,310	(32,749)
Due to other agencies	(7,508)	(7,456)
Deferred revenue	(50,457)	50,457
Net cash provided by (used in) operating activities	(449,614)	98,066
<b>Cash flows from financing activities</b>		
Payments on line of credit	275,360	(84,892)
Payments on loan payable	(7,351)	-
Restricted contributions	-	102,522
Net cash provided by financing activities	268,009	17,630
<b>Net change in cash</b>	(181,605)	115,696
Cash at beginning of year	212,549	96,853
<b>Cash at end of year</b>	\$ 30,945	\$ 212,549



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

A. Nature of Operations

*Pennsylvania CASA Association, Inc. (PA CASA)* is a not-for-profit corporation established to promote awareness of Court-Appointed Special Advocates (CASA), providing administrative and fiduciary oversight of remote CASA program offices, and assisting Pennsylvania counties with start-up of new CASA programs.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Thus, revenues, grants and other contributions are recognized when the donor makes a promise-to-give, and expenses are recognized when incurred.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

1) Net Assets Without Donor Restrictions

- Net assets that are not subject to any donor-imposed time or purpose restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

2) Net Assets With Donor Restrictions

- Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying financial statements.

D. Estimates

The preparation of financial statements in conformity with 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.

E. Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted cash held in checking and money market accounts and certificates of deposits with maturities of less than 90 days. At year-end and throughout the year, the Organization's cash balances were deposited in one bank. As of June 30, 2023 and 2022, the Organization's deposits did not exceed FDIC limits.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

F. Promises to Give

Contributions are recognized when a donor makes a promise to give to the Organization that is unconditional. An allowance for uncollectable pledges is estimated based on management's analysis of specific promises made. If considered material to the financial statement, promises to give due in more than one year are discounted using present value techniques as prescribed by FASB ASC 820, *Fair Value Measurement and Disclosures*.

G. Property, Equipment, and Depreciation

The Organization capitalizes property and equipment purchases over \$1,000 that materially prolong the useful lives of assets. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets.

H. Reclassifications

Certain accounts in the prior year have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

I. Expense Allocation (Functional Expenses)

Expenses are summarized and categorized based on their functional classification as either program or supporting services. Expenses that are readily identifiable to a specific program or supporting service are charged directly to that service. Expenses attributable to more than one program or supporting service are allocated based on estimated usage, square footage, or employment related expenses, which when not directly related to a program, are allocated based on estimates of time and effort.

J. Revenue Recognition

Contributions and other support are reported as either *Without Donor Restrictions* or *With Donor Restrictions* depending on the existence and/or nature of any donor restrictions. All revenues and other support are considered to be *Without Donor Restrictions* unless specifically restricted by the donor. Revenues and other support restricted by a donor are reported under *Without Donor Restrictions* if the restriction expires in the same year in which the support is recognized. When a restriction is met, *With Donor Restrictions* net assets are reclassified to *Without Donor Restrictions* and reported as net assets released from restrictions.

K. Contracts with Customers

The Organization does not have any contracts with customers that would require application of the provisions of Financial Accounting Standards Board Topic 606, *Revenue from Contracts with Customers*.

L. Commitments and Contingencies

**PA CASA** receives the majority of its funding from governmental sources. This funding is dependent on current economic conditions and budgetary decisions made at the State level. It is possible that contracts related to the Organization's programs could be terminated or reduced with minimal notice. Such cuts would likely have a material, adverse effect on the Organization's operating activities.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)**

M. Income Taxes

**PA CASA** is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code. Therefore, no provision for income taxes is reflected in the financial statements. Tax returns for the previous three years remain open for examination by taxing authorities.

N. Liquidity Management

**PA CASA** regularly reviews its financial position and operations, including the liquidity required to meet general expenditures, liabilities, and obligations that may come due. General expenditures are considered to be those routinely incurred in operating programs and providing supporting services. The Organization has financial assets available for meeting such expenditures in the next fiscal year, including cash equivalents and receivables totaling approximately \$254,000. **PA CASA** also has a line of credit with MidPenn Bank to meet short-term financing needs that allows for maximum borrowings of \$300,000. Interest is charged at an annual rate of 9.4%. The line was fully paid off during the year ending June 30, 2023. As of June 30, 2022, there was an outstanding balance of approximately \$275,000.

O. Subsequent Events

The Organization has evaluated events and transactions as of the date of this report.

**NOTE 2: PROMISES TO GIVE**

During the year ending June 30, 2022, **PA CASA** received a promise to give of \$25,000. The pledge is payable in five annual installments of \$5,000. The amount due within one year is presented as a current asset in the accompanying financial statements, while the remainder is presented as noncurrent. The pledge is considered to be fully collectible; therefore, no allowance for doubtful accounts has been established.

	<u>2023</u>	<u>2022</u>
Pledges due within one year	\$ 5,000	\$ 5,000
Pledges due within two to five years, net	10,000	15,000
Allowance for doubtful accounts	(--)	(--)
Total	<u>\$ 15,000</u>	<u>\$ 20,000</u>

**NOTE 5: NOTES PAYABLE**

During the year ended June 30, 2022, **PA CASA** partial received partial forgiveness on a Paycheck Protection Program loan from the U.S. Small Business Administration. Terms of repayment call for annual payments of \$8,877, including interest that accrues at a rate of 1.0% per annum. Scheduled principal payments over the remaining duration of the loan term are as follows:

Year Ended June 30,	Amount
2024	\$ 8,615
2025	8,702
2026	9,968
Total	<u>\$ 27,285</u>

**NOTE 6: RESTRICTED NET ASSETS**

Net assets (deficit) include the following as of June 30, 2023:

With donor restrictions:

Time restricted \$ 15,000

Purpose restricted 18,014

33,014

Without donor restrictions:

(24,873)

Total net assets

\$ 8,141

Net assets with donor restrictions consist of promises to give that are expected to be received in future periods and grants that are restricted for specific purposes.