

# **Dallas CASA**

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2020 and 2019

**Dallas CASA**  
**December 31, 2020 and 2019**

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## Independent Auditor's Report

Board of Directors  
Dallas CASA  
Dallas, Texas

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Dallas CASA, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dallas CASA as of December 31, 2020 and 2019, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we also have issued our report dated June 22, 2021, on our consideration of Dallas 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Dallas 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 Dallas CASA's internal control over financial reporting and compliance.

**BKD, LLP**

Dallas, Texas  
June 22, 2021

**Dallas CASA**  
**Consolidated Statements of Financial Position**  
**December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,259,321	\$ 4,882,178
Grants receivable	722,865	909,115
Pledges receivable, net	302,550	286,699
Other receivables	129,511	176,977
Prepaid expenses	161,251	125,502
Investments	19,088,034	18,446,415
Investments - endowment	16,127,028	13,810,551
Beneficial interest in agency endowment	224,786	201,351
Property and equipment, net	8,322,930	8,590,803
Total assets	\$ 50,338,276	\$ 47,429,591
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 63,842	\$ 80,527
Accrued liabilities	222,519	151,171
Deferred revenue	2,500	41,925
Total liabilities	288,861	273,623
 <b>Net Assets</b>		
Without donor restrictions		
Undesignated	7,687,267	6,300,893
Designated by the Board for operating reserve	6,460,637	4,430,271
Designated by the Board for strategic growth reserve	10,500,000	13,500,000
Designated by the Board for quasi-endowment	10,487,003	9,123,076
Invested in property and equipment, net	8,322,930	8,590,803
	43,457,837	41,945,043
With donor restrictions		
Perpetual in nature	4,475,364	3,500,313
Purpose restrictions	1,813,664	1,423,913
Time-restricted for future periods	302,550	286,699
	6,591,578	5,210,925
Total net assets	50,049,415	47,155,968
Total liabilities and net assets	\$ 50,338,276	\$ 47,429,591

**Dallas CASA**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 1,678,425	\$ 1,084,048	\$ 2,762,473
In-kind contributions	103,570	-	103,570
Special events, net of direct event costs of \$96,123	1,724,163	-	1,724,163
Government grants	4,265,102	-	4,265,102
Investment income	660,397	100,220	760,617
Net realized and unrealized gains on investments	1,411,294	526,655	1,937,949
Miscellaneous income	5,714	-	5,714
Net assets released from restrictions	330,270	(330,270)	-
	<u>10,178,935</u>	<u>1,380,653</u>	<u>11,559,588</u>
<b>Expenses</b>			
Child advocacy	<u>7,341,481</u>	<u>-</u>	<u>7,341,481</u>
	<u>7,341,481</u>	<u>-</u>	<u>7,341,481</u>
Management and general	763,980	-	763,980
Fundraising	<u>560,680</u>	<u>-</u>	<u>560,680</u>
	<u>1,324,660</u>	<u>-</u>	<u>1,324,660</u>
	<u>8,666,141</u>	<u>-</u>	<u>8,666,141</u>
<b>Change in Net Assets</b>	1,512,794	1,380,653	2,893,447
<b>Net Assets, Beginning of Year</b>	<u>41,945,043</u>	<u>5,210,925</u>	<u>47,155,968</u>
<b>Net Assets, End of Year</b>	<u>\$ 43,457,837</u>	<u>\$ 6,591,578</u>	<u>\$ 50,049,415</u>

**Dallas CASA**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 1,501,032	\$ 50,000	\$ 1,551,032
In-kind contributions	165,200	-	165,200
Special events, net of direct event costs of \$791,432	2,503,556	-	2,503,556
Government grants	3,920,536	-	3,920,536
Investment income	694,745	118,558	813,303
Net realized and unrealized gains on investments	1,289,741	775,336	2,065,077
Miscellaneous income	10,785	-	10,785
Net assets released from restrictions	529,040	(529,040)	-
	<u>10,614,635</u>	<u>414,854</u>	<u>11,029,489</u>
<b>Expenses</b>			
Child advocacy	<u>7,169,819</u>	<u>-</u>	<u>7,169,819</u>
	<u>7,169,819</u>	<u>-</u>	<u>7,169,819</u>
Management and general	715,417	-	715,417
Fundraising	<u>605,053</u>	<u>-</u>	<u>605,053</u>
	<u>1,320,470</u>	<u>-</u>	<u>1,320,470</u>
	<u>8,490,289</u>	<u>-</u>	<u>8,490,289</u>
<b>Change in Net Assets</b>	2,124,346	414,854	2,539,200
<b>Net Assets, Beginning of Year</b>	<u>39,820,697</u>	<u>4,796,071</u>	<u>44,616,768</u>
<b>Net Assets, End of Year</b>	<u>\$ 41,945,043</u>	<u>\$ 5,210,925</u>	<u>\$ 47,155,968</u>

**Dallas CASA**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	Program Services		Support Services		Total
	Advocacy	Management and General	Fundraising	Total Support Services	
Salaries	\$ 4,710,331	\$ 544,223	\$ 325,786	870,009	\$ 5,580,340
Payroll taxes	336,967	38,933	23,306	62,239	399,206
Employee benefits	901,503	104,159	62,352	166,511	1,068,014
Occupancy	108,487	8,152	8,780	16,932	125,419
Office	72,377	5,439	5,857	11,296	83,673
Travel	74,100	432	266	698	74,798
Training	13,113	1,515	907	2,422	15,535
Telephone	52,425	2,689	2,199	4,888	57,313
Insurance	87,396	6,567	7,072	13,639	101,035
Professional services	60,463	7,624	4,182	11,806	72,269
Equipment	102,691	11,865	7,103	18,968	121,659
Children's sustenance	197,501	-	-	-	197,501
Volunteer training and conferences	37,700	4,356	2,608	6,964	44,664
Recruitment	288,667	-	-	-	288,667
Development	-	-	41,361	41,361	41,361
Event costs	11,493	-	142,097	142,097	153,590
Other	14,098	8,026	1,389	9,415	23,513
Depreciation	272,169	20,000	21,538	41,538	313,707
<b>Total expenses by function</b>	<b>7,341,481</b>	<b>763,980</b>	<b>656,803</b>	<b>1,420,783</b>	<b>8,762,264</b>
Less expenses included with revenues on the statements of activities					
Cost of direct benefits to donors	-	-	96,123	96,123	96,123
<b>Total expenses included in the expense section on the consolidated statement of activities</b>	<b>\$ 7,341,481</b>	<b>\$ 763,980</b>	<b>\$ 560,680</b>	<b>\$ 1,324,660</b>	<b>\$ 8,666,141</b>



**Dallas CASA**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2019**

	Program Services		Support Services			Total
	Child Advocacy	Management and General	Fundraising	Total Support Services		
Salaries	\$ 4,482,711	\$ 501,032	\$ 314,473	\$ 815,505	\$ 5,298,216	
Payroll taxes	321,450	35,928	22,550	58,478	379,928	
Employee benefits	848,054	94,787	59,493	154,280	1,002,334	
Occupancy	97,522	7,328	7,893	15,221	112,743	
Office	61,943	4,655	5,011	9,666	71,609	
Travel	238,770	2,795	2,552	5,347	244,117	
Training	66,625	7,447	4,674	12,121	78,746	
Telephone	52,411	2,785	2,139	4,924	57,335	
Insurance	76,285	5,732	6,173	11,905	88,190	
Professional services	66,835	7,470	4,689	12,159	78,994	
Equipment	109,666	12,257	7,692	19,949	129,615	
Children's sustenance	81,461	-	-	-	81,461	
Volunteer training and conferences	82,276	9,196	5,772	14,968	97,244	
Recruitment	257,451	-	-	-	257,451	
Development	-	-	40,380	40,380	40,380	
Event costs	24,378	-	888,944	888,944	913,322	
Other	35,833	4,005	2,512	6,517	42,350	
Depreciation	266,148	20,000	21,538	41,538	307,686	
<b>Total expenses by function</b>	<b>7,169,819</b>	<b>715,417</b>	<b>1,396,485</b>	<b>2,111,902</b>	<b>9,281,721</b>	
Less expenses included with revenues on the statements of activities						
Cost of direct benefits to donors	-	-	791,432	791,432	791,432	
<b>Total expenses included in the expense section on the consolidated statement of activities</b>	<b>\$ 7,169,819</b>	<b>\$ 715,417</b>	<b>\$ 605,053</b>	<b>\$ 1,320,470</b>	<b>\$ 8,490,289</b>	

**Dallas CASA**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Operating Activities</b>		
Change in net assets	\$ 2,893,447	\$ 2,539,200
Items not requiring (providing) cash		
Depreciation	313,707	307,686
Net realized and unrealized gains on investments	(1,937,949)	(2,039,663)
Change in value of beneficial interest in agency endowment	(23,435)	(43,692)
Investment income and contribution restricted for long-term investment	(975,051)	(33,732)
Changes in		
Grants receivable	186,250	(108,560)
Pledges receivable, net	(15,851)	285,616
Other receivables	47,466	(8,257)
Prepaid expenses	(35,749)	3,764
Accounts payable	(16,685)	11,440
Accrued liabilities	71,348	11,589
Deferred revenue	(39,425)	(41,750)
	<u>468,073</u>	<u>883,641</u>
Net cash provided by operating activities		
<b>Investing Activities</b>		
Purchase of property and equipment	(45,834)	(154,353)
Proceeds from disposition of investments	5,344,344	4,276,111
Purchases of investments	(6,364,491)	(6,547,903)
	<u>(1,065,981)</u>	<u>(2,426,145)</u>
Net cash used in investing activities		
<b>Financing Activities</b>		
Proceeds from investment income and contributions restricted for long-term investment	975,051	33,732
	<u>975,051</u>	<u>33,732</u>
Net cash provided by financing activities		
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>377,143</b>	<b>(1,508,772)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>4,882,178</b>	<b>6,390,950</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 5,259,321</b>	<b>\$ 4,882,178</b>

**Dallas CASA**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

Dallas CASA (Court Appointed Special Advocates) is a corporation organized under the *Texas Non-Profit Corporation Act* and was formed in January 1980 to provide independent volunteer advocacy services for child victims of abuse or neglect who are in the legal custody of the state under the supervision of juvenile and family courts. It may accept only those cases assigned by the courts. Its primary goal is to make recommendations to the court for a permanent and nurturing home where each child can grow up and thrive when reunification is not a safe option.

Dallas CASA solicits and receives its funding from a variety of sources including contributions from individuals, corporations, foundations and associations, government grants and contracts, and proceeds from sponsored events (such as the annual golf tournament).

***Principles of Consolidation***

The consolidated financial statements include the accounts of Dallas CASA and its affiliate Dallas CASA Endowment Fund (DCEF). DCEF manages endowment funds established and funded by donors, as well as quasi-endowment funds, for the benefit of Dallas CASA. DCEF is a support organization of which Dallas CASA has control by virtue of having the ability to elect the majority of the directors. All intercompany accounts and transactions have been eliminated in consolidation.

***Use of Estimates***

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Cash Equivalents***

Dallas CASA considers all liquid investments with original maturities of three months or less to be cash equivalents. Dallas CASA does not consider uninvested cash held in investment accounts as cash and cash equivalents for financial statement purposes. At December 31, 2020 and 2019, cash equivalents consisted primarily of money market accounts with brokers.

**Dallas CASA**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

***Grants Receivable***

Grants receivable consist of amounts due from government agencies and represent amounts due to Dallas CASA in accordance with cost-reimbursement contracts. Other receivables consist of miscellaneous reimbursements and accrued investment income. Pledges receivable are primarily from foundations, corporations, organizations or individuals. Receivables are stated at the amount that management expects to collect.

Grant receivables are considered fully collectible by management. Dallas CASA determines its allowance for doubtful accounts based on past due amounts and other available information regarding the current status of individual accounts and current economic conditions.

Dallas CASA writes off receivables when they become uncollectible. Recoveries of receivables previously written off are recorded when received. In the event of complete nonperformance, the maximum exposure to Dallas CASA is the outstanding receivable balance at the date of nonperformance.

***Investments and Net Investment Return***

Investments are carried at fair value.

Investment income includes dividend, interest and other investment income; and realized and unrealized gains and losses on investments carried at fair value; less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

***Beneficial Interest in Agency Endowment***

During 2015, Dallas CASA established an agency endowment at a community foundation, The Dallas Foundation. The value of the beneficial interest is based upon the fair value of the assets held by the community foundation. Dallas CASA has a beneficial interest in the agency endowment valued at \$224,786 and \$201,351 as of December 31, 2020 and 2019, respectively. Changes in the value of the underlying assets are recorded in the consolidated statements of activities as a component of net realized and unrealized gains on investments and investment income.

***Property and Equipment***

Property and equipment acquisitions greater than \$5,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. The estimated useful lives for each major depreciable classification of property and equipment are 5 years for furniture and equipment, 3 years for computer and software, and 39 years for building.

**Dallas CASA**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

***Long-Lived Asset Impairment***

Dallas CASA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2020 and 2019.

***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for an operating reserve, a strategic growth reserve and board-designated quasi-endowment.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

***Contributions***

Contributions are provided to Dallas CASA either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on Dallas CASA overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value

**Dallas CASA**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

When a donor 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 consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

Conditional gifts depend on Dallas CASA overcoming a donor-imposed barrier to be entitled to the funds and are recognized as assets and revenue when the gift becomes unconditional, i.e., the donor-imposed barrier is met.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

**Government Grants**

Support funded by grants is recognized as Dallas CASA meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. No adjustments have been required during 2020 or 2019.

**Contributed Services**

Contributed services are recognized in the accompanying financial statements if the services received: (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Any services that meet the criteria for recognition are recorded in the accompanying statements of activities and changes in net assets at the estimated fair value of the services received.

In addition, a substantial number of volunteers have donated significant amounts of time to advocate services. However, no amounts have been reflected in the consolidated financial statements since the fair market value of these services is not readily determinable, and these services do not meet the criteria for revenue recognition.

**Dallas CASA**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

***Income Taxes***

Dallas CASA is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, Dallas CASA may be subject to federal income tax on any unrelated business taxable income.

Dallas CASA files tax returns in the U.S. federal jurisdiction.

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the specific identification of costs or approximate percentage of time and other methods.

**Note 2: Grant Reimbursements Receivable and Future Commitments**

Dallas CASA receives its government grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the consolidated financial statements of Dallas CASA are prepared on the accrual basis, all unconditional portions of the grants not yet received as of December 31, 2020 and 2019, have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2020 and 2019:

Grant	Term	Grant Amount	Earned Through 2020	Funding Available
Crime Victim Assistance	October 1, 2020 - September 30, 2021	\$ 1,989,519	\$ 470,616	\$ 1,518,903
Crime Victim's Compensation	September 1, 2020 - August 31, 2021	1,145,410	368,524	776,886
		<u>\$ 3,134,929</u>	<u>\$ 839,140</u>	<u>\$ 2,295,789</u>

Grant	Term	Grant Amount	Earned Through 2019	Funding Available
Crime Victim Assistance	October 1, 2019 - September 30, 2020	\$ 1,813,361	\$ 448,853	\$ 1,364,508
Crime Victim's Compensation	September 1, 2019 - August 31, 2020	851,840	355,882	495,958
		<u>\$ 2,665,201</u>	<u>\$ 804,735</u>	<u>\$ 1,860,466</u>

**Dallas CASA**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

Dallas CASA expects to receive all available funding of \$2,295,789 for grant terms ending in 2020, and Dallas CASA received all available funding of \$1,860,466 for grant terms that ended in 2019, plus an additional \$210,000 for Crime Victim's Compensation that was awarded in 2020 for the term ended August 31, 2020.

**Note 3: Endowment**

The governing bodies of DCEF and Dallas CASA are subject to the *State of Texas Prudent Management of Institutional Funds Act* (UPMIFA). As a result, DCEF and Dallas CASA classify amounts in donor-restricted endowment funds as net assets with donor restrictions because those net assets are required to be held in perpetuity or are time restricted until the governing body appropriates such amounts for expenditures. Some net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally and in accordance with UPMIFA, DCEF and Dallas CASA consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of Dallas CASA and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Dallas CASA
7. Investment policies of DCEF and Dallas CASA

Endowment net assets consist of five individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Dallas CASA governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.



**Dallas CASA**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

The composition of net assets by type of endowment fund at December 31, 2020 and 2019, was:

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 10,487,003	\$ -	\$ 10,487,003
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	4,475,364	4,475,364
Accumulated investment gains	-	1,783,264	1,783,264
Total endowment funds	<u>\$ 10,487,003</u>	<u>\$ 6,258,628</u>	<u>\$ 16,745,631</u>

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 9,123,076	\$ -	\$ 9,123,076
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	3,500,313	3,500,313
Accumulated investment gains	-	1,388,513	1,388,513
Total endowment funds	<u>\$ 9,123,076</u>	<u>\$ 4,888,826</u>	<u>\$ 14,011,902</u>

Changes in endowment net assets for the years ended December 31, 2020 and 2019, were:

	<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 9,123,076	\$ 4,888,826	\$ 14,011,902
Investment return, net	1,363,927	626,875	1,990,802
Contributions	-	954,048	954,048
Appropriation of endowment assets for expenditures	-	(211,121)	(211,121)
Endowment net assets, end of year	<u>\$ 10,487,003</u>	<u>\$ 6,258,628</u>	<u>\$ 16,745,631</u>

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	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 7,000,000	\$ 4,070,356	\$ 11,070,356
Investment return, net	1,123,076	893,894	2,016,970
Contributions	-	15,000	15,000
Appropriation of endowment assets for expenditures	-	(90,424)	(90,424)
Other changes			
Transfer to increase board-designated endowment	1,000,000	-	1,000,000
Endowment net assets, end of year	<u>\$ 9,123,076</u>	<u>\$ 4,888,826</u>	<u>\$ 14,011,902</u>

***Investment and Spending Policies***

DCEF and Dallas CASA have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds that must be held in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under DCEF and Dallas CASA’s policies, endowment assets are invested in a manner that is intended to both preserve the corpus and to grow the net asset value of the portfolio while assuming a moderate level of investment risk.

To satisfy its long-term rate of return objectives for its endowment assets, DCEF relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). DCEF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Funds designated by the Dallas CASA governing body to function as endowments are invested in accordance with the existing investment policies of the Dallas CASA Endowment Fund.

Absent a different donor instruction, DCEF has a spending policy of appropriating for expenditure each year 4.5 percent of endowment fund’s average net assets at the year-end preceding the year in which expenditure is planned for endowments with donor restrictions. DCEF has a spending policy of appropriating for expenditure each year 3.5 percent of the board-designated endowment fund’s average year-end balance of the last three years, which can be adjusted by the Board of Dallas CASA as it deems necessary. In establishing these policies, DCEF and Dallas CASA considered the long-term expected return on its endowment.

Investment return, net, related to the board-designated endowment funds are available for the operations of Dallas CASA upon appropriation and are included as a component of net assets designated by the Board for quasi-endowment in the accompanying consolidated statements of financial position.

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***Underwater Endowment***

The governing bodies of DCEF and Dallas CASA have interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the DCEF and Dallas CASA consider a fund to be underwater if the fair value of the fund is less than the sum of:

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

DCEF and Dallas CASA have interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

At December 31, 2020 and 2019, none of the endowment funds were underwater.

**Note 4: Property and Equipment**

Property and equipment at December 31, 2020 and 2019, consists of:

	<b>2020</b>	<b>2019</b>
Furniture and equipment	\$ 911,057	\$ 896,134
Computer and software	193,529	193,529
Land	1,697,711	1,697,711
Building	7,686,445	7,655,535
	10,488,742	10,442,909
Less accumulated depreciation and amortization	(2,165,812)	(1,852,106)
	\$ 8,322,930	\$ 8,590,803

**Note 5: Employee Benefit Plan**

Dallas CASA has a SIMPLE IRA Plan (Savings Incentive Match Plan for Employees) covering eligible employees who elect to participate. Under the Plan, Dallas CASA matched employee contributions up to three percent of each eligible employee's salary. Employer matching contributions in 2020 and 2019 were \$167,429 and \$135,882, respectively.

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**Note 6: Net Assets With Donor Restrictions**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions at December 31, 2020 and 2019, are restricted for the following purposes or periods:

	<b>2020</b>	<b>2019</b>
Subject to expenditure for specified purpose		
Summer camps	\$ 30,400	\$ 30,000
Fingerprinting	-	5,400
	30,400	35,400
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	302,550	286,699
	302,550	286,699
Endowments with donor restrictions		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Available for general use	777,298	590,012
Child advocacy program	1,005,966	798,501
	1,783,264	1,388,513
Subject to Dallas CASA endowment spending policy and appropriation		
Available for general use	2,000,000	2,000,000
Child advocacy program	2,475,364	1,500,313
	4,475,364	3,500,313
Total endowments with donor restrictions	6,258,628	4,888,826
	\$ 6,591,578	\$ 5,210,925

***Net Assets Released from Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended December 31, 2020 and 2019 as follows:

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	<u>2020</u>	<u>2019</u>
Expiration of time restrictions	\$ 114,149	\$ 285,616
Satisfaction or purpose restrictions		
Child advocacy	<u>5,000</u>	<u>153,000</u>
	<u>119,149</u>	<u>438,616</u>
Restricted purpose spending-rate distributions and appropriations		
Child advocacy	<u>211,121</u>	<u>90,424</u>
	<u>\$ 330,270</u>	<u>\$ 529,040</u>

**Note 7: Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 5,259,321	\$ 4,882,178
Grants receivable	722,865	909,115
Pledges receivable, net	302,550	286,699
Other receivables	129,511	176,977
Investments	19,088,034	18,446,415
Investments - endowment	16,127,028	13,810,551
Beneficial interest in agency endowment	<u>224,786</u>	<u>201,351</u>
Total financial assets at year-end	41,854,095	38,713,286
Donor imposed restrictions		
Restricted funds	130,400	215,400
Endowments	<u>6,258,628</u>	<u>4,888,826</u>
Net financial assets after donor imposed restrictions	35,465,067	33,609,060
Internal designations		
Board designated funds	16,960,637	17,930,271
Quasi-endowments	<u>10,487,003</u>	<u>9,123,076</u>
Financial assets available (after internal designations) to meet cash needs for general expenditures within one year	<u>\$ 8,017,427</u>	<u>\$ 6,555,713</u>

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Dallas CASA receives contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. Promises to give expected to be collected within one year of \$202,550 and \$106,699 at December 31, 2020 and 2019, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

DCEF and Dallas CASA's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of \$10,487,003 and \$9,123,076 at December 31, 2020 and 2019, respectively, is subject to an annual spending rate of 3.5 percent as described in *Note 3*. The governing board has also designated, from net assets without donor or certain grantor restrictions, net assets for an operating reserve and a strategic growth reserve. Although Dallas CASA does not intend to spend from the board-designated endowment, operating reserve or strategic growth reserve (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

Dallas CASA manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Dallas CASA has an Operating Reserve Policy which states that that Dallas CASA will maintain six months of budgeted operating expenses, therefore maintaining an operating reserve ratio of 50% of the operational budget. To meet these targets, Dallas CASA forecasts its future cash flows and monitors its liquidity monthly and monitors its reserves annually. During the years ended December 31, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements.

**Note 8: Related Party Transactions**

Pledge receivables from current and former board members, employees and other related parties were \$190,507 and \$225,600 at December 31, 2020 and 2019, respectively. In addition, for the years ended December 31, 2020 and 2019, contributions from current and former board members, employees and other related parties were approximately \$654,000 and \$755,000, respectively, which includes \$463,000 and \$516,000, respectively, in revenues from special events.

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**Note 9: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

**Recurring Measurements**

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020 and 2019:

	<b>2020</b>			
	<b>Total Fair Value</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobserv- able Inputs (Level 3)</b>
Investments				
Cash and cash equivalents	\$ 1,079	\$ 1,079	\$ -	\$ -
Fixed income securities				
Corporate bonds	13,836,342	-	13,836,342	-
Mutual funds				
Total stock market index fund	7,680,539	7,680,539	-	-
Total international stock market index fund	2,390,714	2,390,714	-	-
Intermediate term corporate bond index fund	6,055,427	6,055,427	-	-
Exchange traded funds				
Short term corporate bond	5,250,961	5,250,961	-	-
Total investments	35,215,062	21,378,720	13,836,342	-
Beneficial interest in agency endowment	224,786	-	-	224,786
Total assets	<u>\$ 35,439,848</u>	<u>\$ 21,378,720</u>	<u>\$ 13,836,342</u>	<u>\$ 224,786</u>

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	2019			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserv- able Inputs (Level 3)	
Total Fair Value				
Investments				
Cash and cash equivalents	\$ 343	\$ 343	\$ -	\$ -
Fixed income securities				
Corporate bonds	18,446,415	-	18,446,415	-
Mutual funds				
Total bond market index fund	-	-		
Total stock market index fund	6,508,015	6,508,015	-	-
Total international stock market index fund	2,022,294	2,022,294		
Intermediate term corporate bond index fund	5,279,899	5,279,899	-	-
Total investments	32,256,966	13,810,551	18,446,415	-
Beneficial interest in agency endowment	201,351	-	-	201,351
Total assets	\$ 32,458,317	\$ 13,810,551	\$ 18,446,415	\$ 201,351

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2020 and 2019.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

**Beneficial Interest in Agency Endowment**

Fair value for the beneficial interest in agency endowment is estimated based on estimates of the NAV of the investment pool as provided by the custodian. Because Dallas CASA owns an undivided interest in the agency endowment, its unit of account for fair value measurement purposes is its interest in agency endowment's assets. As no observable inputs exist for interest in net assets at the Foundation, the interest is classified within Level 3 of the hierarchy.



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**Note 10: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Investments***

Dallas CASA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position.

***Contributions and Government Grants***

For the years ended December 31, 2020 and 2019, grants and contributions were raised from the following sources:

	<u>2020</u>	<u>2019</u>
Grants		
Texas CASA - Federal	\$ 1,835,124	\$ 1,606,471
State of Texas	42,000	42,000
Texas CASA - State of Texas	1,074,482	941,568
County of Dallas	1,287,694	1,249,992
National CASA	22,500	30,000
Other	3,302	50,505
	<u>\$ 4,265,102</u>	<u>\$ 3,920,536</u>
Contributions		
Foundations	\$ 356,597	\$ 585,005
Corporations	70,178	149,504
Organizations	135,025	120,882
Individuals	1,906,210	375,853
Board of directors	190,560	239,000
Other	103,903	80,788
	<u>\$ 2,762,473</u>	<u>\$ 1,551,032</u>

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***Special Events***

The Dallas CASA Classic golf tournament generated 52% and 74% of total special events for the years ended December 31, 2020 and 2019; respectively.

**Note 11: Revenue from Contracts with Customers**

***Special Events Revenue***

Performance obligations are determined based on the nature of the services provided by Dallas CASA in accordance with the contract. Special events revenue within the scope of Topic 606 is recognized in the same period as the event. Dallas CASA believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the outputs needed to satisfy the obligation. The exchange portion of special events revenue was \$96,123 and \$791,432 for the years ended December 31, 2020 and 2019, respectively.

***Transaction Price and Recognition***

For the portion of special events revenue within the scope of Topic 606, Dallas CASA considers the transaction price to be the cost of direct benefit to donors. Dallas CASA has not incurred material refunds in the past, and accordingly, has not provided for a refund liability at December 31, 2020 and 2019.

For the years ended December 31, 2020 and 2019, Dallas CASA recognized no revenue from services that transfer to the donor over time.

**Note 12: Subsequent Events**

Subsequent events have been evaluated through June 22, 2021, which is the date the consolidated financial statements were available to be issued.