

**Dallas CASA
and Dallas CASA Endowment Fund**

Consolidated Financial Statements
and Single Audit Reports and Schedules

December 31, 2023 and 2022



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Dallas CASA and Dallas CASA Endowment Fund
Dallas, Texas

Opinion

We have audited the accompanying consolidated financial statements of Dallas CASA and Dallas CASA Endowment Fund ("DCEF"), (collectively, the "Organization") which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in their net assets and their 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Texas Grant Management Standards. 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 the Organization 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 these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 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 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 11, 2024, on our consideration of the Organization'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 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Prior Period Financial Statements

The consolidated financial statements of the Organization as of December 31, 2022, were audited by other auditors whose report dated June 13, 2023, expressed an unmodified opinion on those statements.



Armanino^{LLP}
Dallas, Texas

June 11, 2024

Dallas CASA and Dallas CASA Endowment Fund
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 7,526,396	\$ 3,459,503
Grants receivable	798,162	1,053,266
Pledges receivable, net	472,911	545,902
Other receivables	13,265	45,145
Prepaid expenses	214,176	247,920
Investments	7,759,011	14,797,448
Investments - endowment	33,699,992	23,380,283
Beneficial interest in agency endowment	242,291	211,971
Property and equipment, net	<u>7,413,002</u>	<u>7,707,522</u>
Total assets	<u>\$ 58,139,206</u>	<u>\$ 51,448,960</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 279,315	\$ 65,306
Accrued expenses	194,358	195,390
Deferred revenue	<u>66,335</u>	<u>52,175</u>
Total liabilities	<u>540,008</u>	<u>312,871</u>
Net assets		
Without donor restrictions		
Undesignated	8,576,799	12,339,560
Designated by the Board for operating reserve	6,991,275	6,823,625
Designated by the Board for quasi-endowment	27,581,155	17,964,981
Invested in property and equipment, net	<u>7,413,002</u>	<u>7,707,522</u>
Total without donor restrictions	50,562,231	44,835,688
With donor restrictions	<u>7,036,967</u>	<u>6,300,401</u>
Total net assets	<u>57,599,198</u>	<u>51,136,089</u>
Total liabilities and net assets	<u>\$ 58,139,206</u>	<u>\$ 51,448,960</u>

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

Dallas CASA and Dallas CASA Endowment Fund
Consolidated Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions	\$ 1,388,862	\$ 230,431	\$ 1,619,293
In-kind contributions	149,576	-	149,576
Special events, net of special event costs of \$725,109	3,597,075	-	3,597,075
Government grants	4,891,780	-	4,891,780
Investment income	1,122,739	142,690	1,265,429
Net realized and unrealized gains (losses) on investments	3,068,169	835,072	3,903,241
Miscellaneous	23,190	-	23,190
Change in beneficial interest in agency endowment	30,320	-	30,320
Net assets released from restriction	<u>471,627</u>	<u>(471,627)</u>	<u>-</u>
Total revenues, gains, and other support	<u>14,743,338</u>	<u>736,566</u>	<u>15,479,904</u>
Functional expenses			
Child advocacy	<u>7,494,519</u>	<u>-</u>	<u>7,494,519</u>
Support services			
Management and general	859,711	-	859,711
Fundraising	<u>662,565</u>	<u>-</u>	<u>662,565</u>
Total support services	<u>1,522,276</u>	<u>-</u>	<u>1,522,276</u>
Total functional expenses	<u>9,016,795</u>	<u>-</u>	<u>9,016,795</u>
Change in net assets	5,726,543	736,566	6,463,109
Net assets, beginning of year	<u>44,835,688</u>	<u>6,300,401</u>	<u>51,136,089</u>
Net assets, end of year	<u>\$ 50,562,231</u>	<u>\$ 7,036,967</u>	<u>\$ 57,599,198</u>

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

Dallas CASA and Dallas CASA Endowment Fund
Consolidated Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions	\$ 1,932,148	\$ 561,795	\$ 2,493,943
In-kind contributions	116,456	-	116,456
Special events, net of special event costs of \$654,730	2,384,847	-	2,384,847
Government grants	4,794,282	-	4,794,282
Investment income	967,681	173,951	1,141,632
Net realized and unrealized gains (losses) on investments	(3,421,101)	(1,117,933)	(4,539,034)
Miscellaneous	12,357	-	12,357
Change in beneficial interest in agency endowment	(37,495)	-	(37,495)
Net assets released from restriction	<u>651,092</u>	<u>(651,092)</u>	<u>-</u>
Total revenues, gains, and other support	<u>7,400,267</u>	<u>(1,033,279)</u>	<u>6,366,988</u>
Functional expenses			
Child advocacy	<u>7,270,752</u>	<u>-</u>	<u>7,270,752</u>
Support services			
Management and general	795,023	-	795,023
Fundraising	<u>584,859</u>	<u>-</u>	<u>584,859</u>
Total support services	<u>1,379,882</u>	<u>-</u>	<u>1,379,882</u>
Total functional expenses	<u>8,650,634</u>	<u>-</u>	<u>8,650,634</u>
Change in net assets	(1,250,367)	(1,033,279)	(2,283,646)
Net assets, beginning of year	<u>46,086,055</u>	<u>7,333,680</u>	<u>53,419,735</u>
Net assets, end of year	<u>\$ 44,835,688</u>	<u>\$ 6,300,401</u>	<u>\$ 51,136,089</u>

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

Dallas CASA and Dallas CASA Endowment Fund
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023

	<u>Child Advocacy</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 4,679,225	\$ 596,093	\$ 323,470	\$ 5,598,788
Payroll taxes	333,881	42,534	23,081	399,496
Employee benefits	947,274	120,675	65,484	1,133,433
Occupancy expenses	217,052	17,504	15,504	250,060
Office expenses	55,411	4,469	3,958	63,838
Staff travel	160,825	1,869	1,801	164,495
Staff training	43,648	5,561	3,017	52,226
Telephone	46,268	4,081	2,311	52,660
Insurance	124,069	10,005	8,862	142,936
Professional services	83,504	10,638	5,773	99,915
Equipment expense	134,142	17,088	9,273	160,503
Children's sustenance	90,325	-	-	90,325
Volunteer training and conferences	33,062	4,212	2,286	39,560
Recruitment of volunteers	221,902	-	-	221,902
Development expenses	-	-	41,044	41,044
Event costs	34,018	-	861,181	895,199
Other expenses	34,268	4,365	2,369	41,002
Depreciation	<u>255,645</u>	<u>20,617</u>	<u>18,260</u>	<u>294,522</u>
Total	7,494,519	859,711	1,387,674	9,741,904
Less: direct event costs	<u>-</u>	<u>-</u>	<u>(725,109)</u>	<u>(725,109)</u>
Total functional expenses	<u>\$ 7,494,519</u>	<u>\$ 859,711</u>	<u>\$ 662,565</u>	<u>\$ 9,016,795</u>

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

Dallas CASA and Dallas CASA Endowment Fund
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Child Advocacy</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 4,580,621	\$ 554,036	\$ 316,344	\$ 5,451,001
Payroll taxes	330,560	39,982	22,829	393,371
Employee benefits	917,940	111,027	63,394	1,092,361
Occupancy expenses	193,514	15,606	13,822	222,942
Office expenses	55,350	4,464	3,954	63,768
Staff travel	116,313	549	495	117,357
Staff training	17,066	2,064	1,179	20,309
Telephone	45,942	4,765	2,048	52,755
Insurance	117,229	9,454	8,373	135,056
Professional services	65,202	7,886	4,503	77,591
Equipment expense	133,828	16,187	9,242	159,257
Children's sustenance	105,674	-	-	105,674
Volunteer training and conferences	26,001	3,145	1,796	30,942
Recruitment of volunteers	244,592	-	-	244,592
Development expenses	-	-	35,510	35,510
Event costs	19,992	-	734,698	754,690
Other expenses	39,456	4,772	2,725	46,953
Depreciation	<u>261,472</u>	<u>21,086</u>	<u>18,677</u>	<u>301,235</u>
Total	7,270,752	795,023	1,239,589	9,305,364
Less: direct event costs	<u>-</u>	<u>-</u>	<u>(654,730)</u>	<u>(654,730)</u>
Total functional expenses	<u>\$ 7,270,752</u>	<u>\$ 795,023</u>	<u>\$ 584,859</u>	<u>\$ 8,650,634</u>

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

Dallas CASA and Dallas CASA Endowment Fund
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 6,463,109	\$ (2,283,646)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	294,522	301,235
Net realized gains on investments	(5,574)	(7,301)
Net unrealized (gains) losses on investments	(3,897,667)	4,546,335
Change in value of beneficial interest in agency endowment	(30,320)	37,495
Investment income and contributions restricted for long-term investment	(5,574)	(105,784)
Bad debt expense (recoveries)	(12,000)	(8,500)
Changes in operating assets and liabilities		
Grants receivable	255,104	(50,654)
Pledges receivable, net	84,991	(76,302)
Other receivables	31,880	33,361
Prepaid expenses	33,745	(28,770)
Accounts payable	214,009	(7,739)
Accrued expenses	(1,032)	(36,553)
Deferred revenue	<u>14,160</u>	<u>(12,966)</u>
Net cash provided by operating activities	<u>3,439,353</u>	<u>2,300,211</u>
Cash flows from investing activities		
Proceeds from the sale of investments	10,378,879	4,717,440
Purchases of investments	<u>(9,756,913)</u>	<u>(6,614,299)</u>
Net cash provided by (used in) investing activities	<u>621,966</u>	<u>(1,896,859)</u>
Cash flows from financing activities		
Proceeds from investment income and contributions restricted for long-term investments	<u>5,574</u>	<u>105,784</u>
Net cash provided by financing activities	<u>5,574</u>	<u>105,784</u>
Net increase in cash and cash equivalents	4,066,893	509,136
Cash and cash equivalents, beginning of year	<u>3,459,503</u>	<u>2,950,367</u>
Cash and cash equivalents, end of year	<u><u>\$ 7,526,396</u></u>	<u><u>\$ 3,459,503</u></u>

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

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

1. 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 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 goals are to form caring connections with each child, help protect them from future harm, and advocate for their needs to be met which includes making 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

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

- *Net assets without donor restrictions* - 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 and board-designated quasi-endowment.
- *Net assets with donor restrictions* - 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.

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. The Organization does not consider uninvested cash held in investment accounts as cash and cash equivalents for financial statement purposes. At December 31, 2023 and 2022, cash equivalents consisted primarily of treasury trust funds with brokers.

Grants and pledges receivable

Grants receivable consist of amounts due from government agencies and represent amounts due to the Organization 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.

Grant receivables are considered fully collectible by management. The Organization 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. At December 31, 2023, all grant receivables were considered to be collectible.

The Organization writes off other 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 the Organization is the outstanding receivable balance at the date of nonperformance.

The Organization evaluates the collectability of pledges receivable, and estimates an allowance for doubtful accounts based on evaluation of the receivables and historical experience.

Contributions

Contributions are provided to the Organization 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. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until conditions have been substantially met and they become unconditional; that is when the related barrier has been overcome and right of release/right of return no longer exists. Contributions of assets other than cash are recorded at their estimated fair value. Contributions that are not expected to be collected until after year-end are considered contributions receivable. Contributions receivable with due dates extending beyond one year are recorded at the present value of their estimated future cash flows. The discount on these amounts is computed using risk adjusted market interest rates applicable to the years in which the promises are received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is established based upon management's judgment including such factors as prior collection history, aging statistics of contributions and the nature of the receivable

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions (continued)

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

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 and investment income 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 the Organization 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. See Note 5 for disclosures of such conditional contributions.

Contributed services

Contributed services are recognized in the accompanying consolidated 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 consolidated statements of activities at the estimated fair value of the services received, using normal billings for similar services.

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.

Property and equipment

Property and equipment acquisitions greater than \$5,000 are stated at cost, less accumulated depreciation and amortization.

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Furniture and equipment	5 years
Software	3 years
Buildings	39 years

Investments and net investment income

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 investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

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, the Organization 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. The Organization has a beneficial interest in the agency endowment valued at \$242,291 and \$211,971 as of December 31, 2023 and 2022, respectively. Changes in the value of the underlying assets are recorded on a separate line in the consolidated statements of activities.

Long-lived asset impairment

The Organization 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, 2023 and 2022.

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Support funded by grants is recognized as the Organization 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 2023 or 2022.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include, but are not limited to, determining the useful lives of property and equipment for the purposes of determining depreciation and amortization, fair value of investments, determination of allowance of uncollectible contributions and grants receivable, as well as allocating expenses by function. Actual results could differ from those estimates.

Concentration of credit risk

Financial instruments that may subject the Organization to concentration of credit risk are cash, investments, and receivables. The Organization's cash and investments are held by recognized financial institutions. From time to time, the Organization's checking accounts may be maintained with a balance in excess of the \$250,000 federally insured limit.

Income tax status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. Accordingly, no provision for federal or state income taxes has been recorded. However, the Organization may be subject to federal income tax on any unrelated business taxable income. The Organization has evaluated its current tax positions and has concluded that as of December 31, 2023 and 2022, it does not have any significant uncertain tax positions for which a reserve would be necessary.

The Organization files tax returns in the U.S. federal jurisdiction.

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. 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, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 7,526,396	\$ 3,459,503
Grants receivable	798,162	1,053,266
Pledges receivable, net	472,911	545,902
Other receivables	13,265	45,145
Investments	7,759,011	14,797,448
Investments - endowment	33,699,992	23,380,283
Beneficial interest in agency endowment	242,291	211,971
Expected endowment distribution	<u>250,000</u>	<u>248,000</u>
	<u>50,762,028</u>	<u>43,741,518</u>
Less: Donor imposed restrictions		
Assets restricted for specific purpose	(612,974)	(584,930)
Endowments	<u>(6,361,228)</u>	<u>(5,627,273)</u>
	<u>(6,974,202)</u>	<u>(6,212,203)</u>
Less: Internal designations		
Board designated operating reserve	(6,991,275)	(6,823,625)
Quasi-endowments	<u>(27,581,155)</u>	<u>(17,964,981)</u>
	<u>(34,572,430)</u>	<u>(24,788,606)</u>
	<u>\$ 9,215,396</u>	<u>\$ 12,740,709</u>

The Organization 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 \$169,524 and \$88,198 at December 31, 2023 and 2022, respectively, were included in financial assets available to meet cash needs for general expenditures within one year.

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

3. LIQUIDITY AND AVAILABILITY (continued)

The Organization'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 \$27,581,155 and \$17,964,981 at December 31, 2023 and 2022, respectively, is subject to an annual spending rate of 3.5 percent as described in Note 9. The governing board has also designated, from net assets without donor or certain grantor restrictions, net assets for an operating reserve. Although the Organization does not intend to spend from the board-designated endowment or operating 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.

The Organization 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. The Organization has an Operating Reserve Policy which states that that the Organization will maintain nine months of budgeted operating expenses, therefore maintaining an operating reserve ratio of 75% of the operational budget. To meet these targets, the Organization forecasts its future cash flows and monitors its liquidity monthly and monitors its reserves annually. During the years ended December 31, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements.

4. PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Due within one year	\$ 384,252	\$ 316,545
Due within two to five years	<u>171,169</u>	<u>319,867</u>
	<u>555,421</u>	<u>636,412</u>
Less		
Allowance for uncollectible contributions	(64,500)	(72,500)
Unamortized discount	<u>(18,010)</u>	<u>(18,010)</u>
	<u>(82,510)</u>	<u>(90,510)</u>
	<u>\$ 472,911</u>	<u>\$ 545,902</u>

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

5. GRANT REIMBURSEMENTS RECEIVABLE AND FUTURE COMMITMENTS

Dallas CASA receives its government grant support through periodic claims filled with 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, 2023 and 2022, have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2023 and 2022:

Grant	Term	Grant Amount	Earned through 2023	Funding Available
Crime Victim Assistance	October 1, 2023 -			
Health and Human Services	September 30, 2024	\$ 1,935,933	\$ 1,913,992	\$ 21,941
Commission	September 1, 2023 -			
	August 31, 2024	<u>1,310,807</u>	<u>431,347</u>	<u>879,460</u>
		<u>\$ 3,246,740</u>	<u>\$ 2,345,339</u>	<u>\$ 901,401</u>
Grant	Term	Grant Amount	Earned through 2022	Funding Available
Crime Victim Assistance	October 1, 2022 -			
	September 30, 2023	\$ 1,922,354	\$ 463,563	\$ 1,458,791
Crime Victim's Compensation	September 1, 2022 -			
	August 31, 2023	<u>1,359,889</u>	<u>444,198</u>	<u>915,691</u>
		<u>\$ 3,282,243</u>	<u>\$ 907,761</u>	<u>\$ 2,374,482</u>

The Organization expects to receive all available funding of \$901,401 for grant terms ending in 2024 and the Organization received all available funding of \$2,374,482 for grant terms that ended in 2023.

6. 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

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

6. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (continued)

Recurring measurements

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Investments				
Cash and cash equivalents	\$ 542,553	\$ -	\$ -	\$ 542,553
Total stock market index fund	17,697,923	-	-	17,697,923
Total international stock market index fund	4,582,954	-	-	4,582,954
Intermediate term corporate index fund	2,598,422	-	-	2,598,422
Short term corporate bond	13,429,006	-	-	13,429,006
Short term inflation projected securities	<u>2,608,145</u>	<u>-</u>	<u>-</u>	<u>2,608,145</u>
	41,459,003	-	-	41,459,003
Beneficial interest in agency endowment	<u>-</u>	<u>-</u>	<u>242,291</u>	<u>242,291</u>
	<u>\$ 41,459,003</u>	<u>\$ -</u>	<u>\$ 242,291</u>	<u>\$ 41,701,294</u>

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Investments				
Cash and cash equivalents	\$ 1,073	\$ -	\$ -	\$ 1,073
Corporate bonds	-	3,999,484	-	3,999,484
Total stock market index fund	11,281,149	-	-	11,281,149
Total international stock market index fund	3,301,669	-	-	3,301,669
Intermediate term corporate bond index fund	220,372	-	-	220,372
Inflation protected stock market index fund	889,710	-	-	889,710
Short term corporate bond	12,995,535	-	-	12,995,535
Short term inflation protected securities	<u>5,488,739</u>	<u>-</u>	<u>-</u>	<u>5,488,739</u>
	34,178,247	3,999,484	-	38,177,731
Beneficial interest in agency endowment	<u>-</u>	<u>-</u>	<u>211,971</u>	<u>211,971</u>
	<u>\$ 34,178,247</u>	<u>\$ 3,999,484</u>	<u>\$ 211,971</u>	<u>\$ 38,389,702</u>

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, 2023 and 2022.

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

6. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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 the Organization 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.

7. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023 and 2022, consists of:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 911,057	\$ 911,057
Computer and software	193,529	193,529
Land	1,697,711	1,697,711
Buildings	<u>7,686,445</u>	<u>7,686,445</u>
	10,488,742	10,488,742
Less accumulated depreciation and amortization	<u>(3,075,740)</u>	<u>(2,781,220)</u>
	<u><u>\$ 7,413,002</u></u>	<u><u>\$ 7,707,522</u></u>

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 and 2022, are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Post-case mentoring program	\$ 451,089	\$ 584,930
Capital and growth	50,000	-
Bottle filler	<u>5,226</u>	<u>-</u>
	<u>506,315</u>	<u>584,930</u>
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	<u>169,524</u>	<u>88,198</u>
	<u>169,524</u>	<u>88,198</u>
Endowments with donor restrictions		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for:		
Available for general use	831,667	391,252
Child advocacy program	<u>756,923</u>	<u>526,834</u>
	<u>1,588,590</u>	<u>918,086</u>
Subject to Dallas CASA endowment spending policy and appropriation		
Available for general use	2,000,000	2,000,000
Child advocacy program	<u>2,772,538</u>	<u>2,709,187</u>
	<u>4,772,538</u>	<u>4,709,187</u>
	<u>\$ 7,036,967</u>	<u>\$ 6,300,401</u>

Net assets with donor restrictions released from restriction during the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Expiration of time restrictions	\$ 88,198	\$ 347,412
Child advocacy	248,314	303,680
Post-case mentoring program	133,841	-
Bottle filler	<u>1,274</u>	<u>-</u>
	<u>\$ 471,627</u>	<u>\$ 651,092</u>

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

9. 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 Organization's 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 and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

9. ENDOWMENT (continued)

Endowment composition

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 27,581,155	\$ -	\$ 27,581,155
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	4,772,538	4,772,538
Accumulated investment earnings	-	1,588,590	1,588,590
	-	6,361,128	6,361,128
	<u>\$ 27,581,155</u>	<u>\$ 6,361,128</u>	<u>\$ 33,942,283</u>

Endowment net asset composition by type of fund as of December 31, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 17,964,981	\$ -	\$ 17,964,981
Donor restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	4,709,187	4,709,187
Accumulated investment earnings	-	918,086	918,086
	-	5,627,273	5,627,273
	<u>\$ 17,964,981</u>	<u>\$ 5,627,273</u>	<u>\$ 23,592,254</u>

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

9. ENDOWMENT (continued)

Endowment composition (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2022	\$ 17,964,981	\$ 5,627,273	\$ 23,592,254
Investment return, net	3,581,174	977,762	4,558,936
Contributions	6,035,000	4,407	6,039,407
Appropriation of endowment assets for expenditures	-	(248,314)	(248,314)
	<u>9,616,174</u>	<u>733,855</u>	<u>10,350,029</u>
Balance, December 31, 2023	<u>\$ 27,581,155</u>	<u>\$ 6,361,128</u>	<u>\$ 33,942,283</u>

Changes in endowment net assets for the fiscal year ended December 31, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2021	\$ 16,203,702	\$ 6,872,580	\$ 23,076,282
Investment return, net	(2,238,721)	(943,982)	(3,182,703)
Contributions	4,000,000	2,355	4,002,355
Appropriation of net assets	-	(303,680)	(303,680)
	<u>1,761,279</u>	<u>(1,245,307)</u>	<u>515,972</u>
Balance, December 31, 2022	<u>\$ 17,964,981</u>	<u>\$ 5,627,273</u>	<u>\$ 23,592,254</u>

Investment and spending policies

The Organization has 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 the Organization'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.

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

9. ENDOWMENT (continued)

Investment and spending policies (continued)

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 up to 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, the Organization 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 the Organization 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.

10. EMPLOYEE BENEFIT PLAN

The Organization 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 2023 and 2022 were \$148,611 and \$144,765, respectively.

11. RELATED PARTY TRANSACTIONS

For the year ended December 31, 2023, there was no pledge receivable balance from related parties. For the year ended December 31, 2022, the pledge receivable balance from current and former board members, employees and other related parties was approximately \$120,000. In addition, for the years ended December 31, 2023 and 2022, contributions from current and former board members, employees and other related parties were approximately \$488,000 and \$580,000, respectively, which includes \$343,000 and \$483,000, respectively, in revenues from special events.

12. 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:

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

12. SIGNIFICANT ESTIMATES AND CONCENTRATIONS (continued)

Investments

The Organization 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.

Special events

The Dallas CASA Classic golf tournament generated 69% and 71% of total special events for the years ended December 31, 2023 and 2022, respectively. The subsequent corporate acquisition and relocation of a Dallas CASA Classic host may decrease those percentages going forward.

Contributions and government grants

For the years ended December 31, 2023 and 2022, grants and contributions were raised from the following sources:

	<u>2023</u>	<u>2022</u>
Grants		
Texas CASA - Federal	\$ 1,464,935	\$ 1,896,134
State of Texas	28,268	45,000
Texas CASA - State of Texas	1,834,770	1,294,828
County of Dallas	1,500,006	1,499,979
National CASA	17,800	24,800
Other	46,001	33,541
	<u>4,891,780</u>	<u>4,794,282</u>
Contributions		
Foundations	420,931	982,044
Corporations	213,833	156,803
Organizations	109,601	425,620
Individuals	346,528	683,789
Board of directors	487,655	102,555
Other	40,745	143,432
	<u>1,619,293</u>	<u>2,494,243</u>
	<u>\$ 6,511,073</u>	<u>\$ 7,288,525</u>

At December 31, 2023, 98% of grant revenues is provided by two grantors. At December 31, 2022, 98% of grant revenues was provided by two grantors.

Dallas CASA and Dallas CASA Endowment Fund
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

12. SIGNIFICANT ESTIMATES AND CONCENTRATIONS (continued)

At December 31, 2023, 70% of contributions receivable is provided by two donors. At December 31, 2022, 80% of contributions receivable was provided by one donor.

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

Special Events Revenue

Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Special events revenue within the scope of Topic 606 is recognized in the same period as the event. The Organization 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 \$725,109 and \$654,730 for the years ended December 31, 2023 and 2022.

Transaction Price and Recognition

For the portion of special events revenue within the scope of Topic 606, the Organization considers the transaction price to be the cost of direct benefit to donors. The Organization has not incurred material refunds in the past, and accordingly, has not provided for a refund liability at December 31, 2023 and 2022. For the years ended December 31, 2023 and 2022, the Organization recognized no revenue from services that transfer to the donor over time.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 11, 2024, which is the date the consolidated financial statements were available to be issued.

SINGLE AUDIT REPORTS AND SCHEDULES



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
Dallas CASA and Dallas CASA Endowment Fund
Dallas, Texas

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 and the *State of Texas Grant Management Standards* ("TX GMS"), the consolidated financial statements of Dallas CASA and Dallas CASA Endowment Fund (the "Organization") which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated June 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 the Organization's consolidated 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 consolidated 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* or *TX GMS*.

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* and *TX GMS* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
Dallas, Texas

June 11, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM
GUIDANCE

Board of Directors
Dallas CASA and Dallas CASA Endowment Fund
Dallas, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dallas CASA and Dallas CASA Endowment Fund (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State of Texas Grant Management Standards* ("TX GMS") that could have a direct and material effect on each of the Organization's major federal and state programs for the year ended December 31, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *TX GMS*. Our responsibilities under those standards and the Uniform Guidance and the *TX GMS* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance and the *TX GMS* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and the *TX GMS*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *TX GMS*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *TX GMS*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas Single Audit Circular

We have audited the consolidated financial statements of the Organization as of and for the year ended December 31, 2023, and have issued our report thereon dated June 11, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the *TX GMS* and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Armanino^{LLP}
Dallas, Texas

June 11, 2024

Dallas CASA and Dallas CASA Endowment Fund
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Department of the Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds			
Pass-through program from:			
Texas CASA	21.027	VOCA-2023-34	\$ 1,458,791
Texas CASA	21.027	1736216	<u>6,144</u>
			<u>1,464,935</u>
Total U.S. Department of the Treasury			<u>1,464,935</u>
U.S. Department of Health and Human Services			
Foster Care Title IV-E (PSVT)			
Pass-through program from:			
Texas Department of Family Protective Services	93.658	53000- 150095323	<u>28,268</u>
Total U.S. Department of Health and Human Services			<u>28,268</u>
U.S. Department of Justice			
Court Appointed Special Advocates			
Pass-through program from:			
National CASA	16.756	TX10527-21- 1022-DI	<u>17,800</u>
Total U.S. Department of Justice			<u>17,800</u>
Total Expenditures of Federal Awards			<u>1,511,003</u>
<u>Expenditures of State Awards</u>			
Texas Office of the Attorney General			
Other Victim Assistance Grant			
Direct awards			
Other Victim Assistance Grant		C-00275	29,502
		C-00797	<u>16,500</u>
			<u>46,002</u>
Pass-through program from Texas CASA:			
Crime Victim's Compensation		CVC-2023-34	915,146
Health and Human Services Commission Court Appointed Special			
Advocate Contract		HHSC-2024-34	431,347
Victims of Crime Act		VOCA-2024-34	455,201
Volunteer Travel		5300150095323	<u>33,076</u>
			<u>1,834,770</u>
Total Expenditures of State Awards			<u>1,880,772</u>
Total Expenditures of Federal and State Awards			<u>\$ 3,391,775</u>

The accompanying notes to the Schedule of Expenditures of Federal and State Awards
are an integral part of this schedule.

Dallas CASA and Dallas CASA Endowment Fund
Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Dallas CASA and Dallas CASA Endowment Fund (the "Organization") under programs of the federal and state governments for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Texas Grant Management Standards* ("TX GMS") issued by the Texas Comptroller of Public Accounts. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the TxGMS, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance and TxGMS.

4. LOAN PROGRAMS

The Organization did not have any federal or state loan programs during the year ended December 31, 2023.

Dallas CASA and Dallas CASA Endowment Fund
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or TX GMS?	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>AL Number</u>
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027

Identification of major programs:	
<u>Name of State Program or Cluster</u>	<u>AL Number</u>
Crime Victim's Compensation	N/A
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Dallas CASA and Dallas CASA Endowment Fund
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED
COSTS

There are no federal or state award findings or questioned costs to be reported.

Dallas CASA and Dallas CASA Endowment Fund
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2023

There were no prior year findings.