

CASA
FINANCIAL EXECUTIVE SUMMARY
July 2022

The summary below provides overview and highlights CASA's financials over for the fiscal year through July 31, 2022.

STATEMENT OF FINANCIAL POSITION

Assets

Total assets as of July 31, 2022 were \$38,928,725.

Assets relating to the tax credit financing of the Baltimore Neighborhood Center project consist of: Note Receivable of \$7.94m, the amount that CASA placed into the project at closing all of which are considered 'loans' from new markets, state, and federal historic tax credits partners in the project, as well as a grant from Weinberg for the project. Other assets related to the project include Investment in CDMBNC LLC (\$728), Due from CASA Baltimore LLC (\$186,041) are the expenses that CASA paid up front for information technology equipment and install, as well as furniture for the new Baltimore site. The Deferred Rent (\$195,500) for CASA Baltimore is an adjustment recorded for audit purposes, to follow accounting rules for audit (straight-line rent adjustment). These items will be written off at the end of the seven-year term once the asset is transferred to CASA.

Fixed assets (\$10.9m) includes real property, equipment, and other furnishings. In December 2021, CASA closed on the new \$6m Virginia Welcome Center. In July 2022, CASA closed on the new \$500,000 York, PA Welcome Center. These assets is reflected in the \$10.9m Fixed Asset balance. Net change in fixed assets, \$27,171 increase, are due to capitalized purchase such as computer equipment, and equipment and furniture for new Woodbridge center.

Accounts Receivables (\$5.5m) on grants committed to CASA. This is an increase of over \$134,000 from the April 2022 report. The change in receivables is traditionally low at the beginning of the year as new grant agreements start to get executed in the following months.

The Due from CASA in Action (C4) account, \$509,026 balance, an increase of about \$182,306, mostly due to (1) monthly cost sharing/intercompany shared admin expenses, and (2) Maryland primaries electoral activities occurring in May and June, for shared staff time spend on elections.

Other changes in assets were minimal but include: (1) Other assets decrease of \$19,230 for increase in Investments from stock donations, and decrease in Prepaid expenses for year end audit; (2) Interest Reserve decrease of \$23,281, which is interest paid on the loan for the Woodbridge center.

The change in cash accounts is mainly due to the change in Receivables, Fixed Assets, Due from CASA in Action, Other Assets, Payables, Other Liabilities, and change in net assets.

Liabilities

Total liabilities as of July 31, 2022 were \$7,957,970, an increase of \$200,515. The largest increase there was to Accounts Payable. The increase is mostly attributed to delayed invoicing from one of our consultants (Base Builder) for the Promoters/Membership canvass teams across our footprint.

For reference only: As part of the financing agreement for the CASA Baltimore Training & Education Center, CASA received bridge loans consisting mostly of tax credits from partners which was placed into the project at closing (July 2018). The total on the loans were \$6.093m. These funds, in addition to other grants, were placed into the project and are noted above as part of the Note Receivable – Investment Fund LLC balance. CASA has reserved funds, such as grants, available to make payment on these loans. These loans will be eliminated in seven years when the financing agreement expires in 2025.

In Woodbridge, VA, CASA purchased the property in December 2021, financing the acquisition with a bridge loan and cash. CASA currently has a loan on the balance sheet for \$4.6m which we expect to pay off in the coming weeks using the \$5m grant received from Prince William County, VA.

In April 2022, CASA purchased property in York, PA (Roosevelt Ave) for just under \$500,000 cash. CASA was subsequently awarded enough in commitments to cover the purchase and renovations. However, reimbursement for acquisition cannot be completed until the award contracts are finalized. There are no loans taken out for this acquisition.

STATEMENT OF ACTIVITIES

INCOME

CASA board approved income for fiscal year 2023 (FY23) is **\$22,439,923**.

Description	FY23 Budget	% of Budget
Operating Revenue & Support		
Corporations	\$ 968,310	4%
Foundations	\$ 4,328,430	19%
Government	\$ 8,484,011	38%
Individuals	\$ 1,427,268	6%
Organizations	\$ 4,033,440	18%
Unions/Congregations	\$ 1,165	0%
Income Generating	\$ 997,300	5%
Sustainability Fund	\$ 2,200,000	10%
TOTAL OPERATING REVENUE & SUPPORT	\$ 22,439,923	100%

Revised Income Projections

Management conducted a review of the income budget this quarter for positive and negative changes in funding for the fiscal year. Based upon that review, the income was adjusted and the new revised income projections for FY23 is **\$22,607,280**. This is \$167,358 higher than the original approved budget.

The major changes from the approved budget to this latest round of projections include:

- **Corporations** – minimal net decrease of \$11,658 relating to one of our health grants coming in slightly less than expected
- **Foundations** – net increase \$202,220
 - \$114k for climate advocacy in PA, \$95k for housing organizing in Maryland, and \$50k for additional vaccine outreach in Baltimore. These are offset slightly by a few grants coming in slightly below expected value.
- **Government** – net increase of \$247,400, which includes:

- Awarded \$2m, \$1m for operating and the other \$1m for capital, over two years for Woodbridge, VA. About \$400,000 of the \$1m is allocated to Fy23. This was slightly offset by our PG County Exec coming in about \$37k lower than anticipated. Other small variations, all less than \$10k, make up the remainder of the variance
- **Individuals** – minimal increase of \$34,924 due to unexpected individual donor
- **Organizations** – increase \$624,025
 - Majority of these grants are related to nonpartisan election work in Pennsylvania and Maryland (\$288k), new grants for our climate justice organizing (\$200k), about \$75k in various services grants, and \$150k for organizational strategic planning.
- **Unions** – no change
- **Fees for services** – no change
- **Sustainability Fund** – decreased by \$929,554, which means, we are putting \$929,554 back into the fund and using less for operations.

The CASA development department tracks income commitments every week. As new funding sources are committed, they are entered into the grants management system, and updated income projections are produced.

Actual Income as of July 2022

Actual income as of July 2022 is **\$1,330,217**. This represents about 71% of the prorated revised budget (\$1,883,940). This is under the pro-rated revised budget by \$553,723. This is mostly due to timing between the receipt of the funds and/or commitment and the pro-ration of the budget. For example, there are a number of grants that support CASA programs and events/actions that will be held after July 2022. The actual payment of those funds may have not been received or committed; however, the pro-rated budget recognizes 1 of the 12 months of the budget as a benchmark. These differences will balance out over the course of the fiscal year.

Government and Organizational income are under budget but mostly due to contracts being executed over the course of the first few months of the fiscal year. These typically are retroactive to July 1, as expenses are being incurred starting July 1.

Sustainability funds of \$102,198, represents allocation (1/12) of the usage of those funds for operations. We expect this to decrease over the fiscal years as we fundraise to return the funds to Sustainability fund.

EXPENSES

The total board approved operating **budget** for CASA for fiscal year 2023 was **\$22,439,923**.

Revised Expense Projections

Management conducted a review of the expense budget this quarter for positive and negative changes for the fiscal year to date. These changes are the results of: turnover and vacancies in staffing, new grants that were awarded for which expenses were not initially budgeted, as well as necessary and unexpected expenditures. Based upon that review, the expenses are adjusted and the new revised expense projection for FY23 is **\$22,607,280**. This is \$167,357 higher than the original approved budget.

Salaries and Benefits had a net decrease of \$112,998. **Salaries** had a net decrease of \$427,316, mostly attributed to vacancies in positions across the organization. The decrease assumes those positions would be filled in the second quarter of the year.

For **benefits**, there was an increase of \$314,318. The increase reflects premium adjustments based on actual participants enrolled in benefits as of the start of the new plan year (9/1). The budget included assumptions of enrollments to single/employee only plans vs. family plans, where the cost is higher, for vacant positions.

Professional Services/Consultants budget increased by \$129,676. This increase is attributed to a few factors:

- \$100,000 added to the budget to cover strategic planning costs. The budget will be increased/decreased, as necessary, after reviewing bids and quarterly organizational funding.
- ~\$30,000 increase to hire canvass staff to support two voting ballot issues, in Howard County, MD, and Baltimore City, MD

Equipment increased about \$76,000, mostly due:

- \$39,000 grant to purchase computers and other tech to build out computer labs and training center in our Maryland centers
- \$17,400 for new computers for our AmeriCorps members
- \$19,800 for new furniture upgrades for our Employment centers in MD, and expanded office in Lancaster, PA.

Taxes and Fees increased \$52,000 to account for real estate property tax in Woodbridge, VA. (Virginia does not have a property tax exemption program, like Pennsylvania or Maryland).

The revised revenue projections (\$22,607,280) compared to the revised expense projections (\$22,607,280) results in a balanced budget projection as of the first quarter of the fiscal year.

Actual Expense as of July 2022

Actual expenditures as of July 2022 totaled \$1,473,045. This represents approximately 78% of the revised expense budget (\$1,883,940). As a result, actual expenses are under budget by \$410,894.

Most of the expense line items reflect a lower actual compared to budget because the budget is pro-rated at 1/12th of the fiscal year budget and some expenditures are not spent in this same manner. Some expenses are spent at a certain times of the year, therefore, creating the variance in budget vs actual. This is the case for most of the negative line items such as Salaries & Benefits, HR/Staff Development, Advertising, Stipends, Cleaning, Supplies, etc.

Alternatively, there are a few line items that are over the pro-rated revised budget. In these cases, the expenses were already incurred and not in line with the timing of the budget benchmark (1/12th of the year). These include Professional Services/Consultants, Equipment, Dues & Subscriptions, Taxes and Fees, etc. Description of some of the expenses incurred thru July 2022 include:

Professional Services/Consultants has an overage of \$47,094, mostly due to timing. There was a ramp up of hiring to start climate change, voter engagement, and ballot issue canvassing across our footprint. We expect spending to decrease after the November elections.

Taxes and Fees overage of \$91,344 is attributed to payment of annual property tax for the CASA Baltimore and CASA Woodbridge properties/sites.

Total Income over Expenses as of July 2022 results in **net loss of \$142,828**. This is mostly attributed to the timing of expenses being occurred and grant income awarded and/or invoiced. The beginning of the fiscal year is, especially in the first two months, our programs continue to run, expenses incurred, but grants and contract agreements are still being finalized and signed off. No expenses can be invoiced until the agreements are signed, at which point we are able to retroactively report and request reimbursements.