

# THE NORTHERN HILLS AREA CASA PROGRAM

## AUDITED FINANCIAL STATEMENTS

December 31, 2022 and 2021



**DESMET CPA GROUP, LLC**

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# THE NORTHERN HILLS AREA CASA PROGRAM

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# DESMET CPA GROUP, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The Northern Hills Area CASA Program  
Spearfish, South Dakota

### Opinion

We have audited the accompanying financial statements of The Northern Hills Area CASA Program (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Northern Hills Area CASA Program as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Northern Hills Area CASA Program and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Northern Hills Area CASA Program's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

*DeSmet CPA Group, LLC*

DeSmet CPA Group, LLC  
Rapid City, SD  
February 27, 2024

**THE NORTHERN HILLS AREA CASA PROGRAM**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
<b>ASSETS</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 248,262	\$ 216,335
Prepaid expenses	1,094	1,094
Receivable - Employer Retention Credit	24,408	-
Total Current Assets	273,764	217,429
<b>Property and Equipment, Net</b>	221,088	231,970
<b>Other Assets</b>		
Investment in mutual funds	193,387	227,427
Beneficial interest in assets held at Community Foundation	1,709	1,871
Total Other Assets	195,096	229,298
<b>Total Assets</b>	\$ 689,948	\$ 678,697
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accrued payroll taxes and benefits	\$ 6,688	\$ 6,158
Other current liabilities	3,503	426
Deferred insurance proceeds	-	-
Total Current Liabilities	10,191	6,584
<b>Long-term Debt</b>	-	-
<b>Total Liabilities</b>	10,191	6,584
<b>Net Assets</b>		
Without Donor Restrictions	679,071	671,427
With Donor Restrictions	686	686
<b>Total Net Assets</b>	679,757	672,113
<b>Total Liabilities and Net Assets</b>	\$ 689,948	\$ 678,697

See accompanying notes and independent auditors' report.

## STATEMENTS OF ACTIVITIES

**THE NORTHERN HILLS AREA CASA PROGRAM**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public Support and Revenue</b>			
Public Support			
Governmental grants	\$ 82,680	\$ 71,279	\$ 153,959
Private grants	32,388	-	32,388
Contributions	52,529	-	52,529
In-kind contributions	19,923	-	19,923
Special events	74,610	-	74,610
COVID-Related Income	24,408	-	24,408
Total Public Support	<u>286,538</u>	<u>71,279</u>	<u>357,817</u>
Other Revenue			
Investment income	15,811	-	15,811
Unrealized gains (losses) on investments	(46,994)	-	(46,994)
Net change in beneficial interest	(162)	-	(162)
Rental income	14,820	-	14,820
Total Other Revenue	<u>(16,525)</u>	<u>-</u>	<u>(16,525)</u>
Net Assets Released from Restrictions	<u>71,279</u>	<u>(71,279)</u>	<u>-</u>
<b>Total Public Support and Revenue</b>	341,292	-	341,292
<b>Functional Expenses</b>			
Program Services			
Advocacy	261,277	-	261,277
Supporting Services			
Management and general	25,723	-	25,723
Fundraising expenses	37,733	-	37,733
<b>Total Functional Expenses</b>	324,733	-	324,733
<b>Other Expenses</b>			
Rental expenses and depreciation	8,915	-	8,915
<b>Total Expenses</b>	<u>333,648</u>	<u>-</u>	<u>333,648</u>
<b>Change in Net Assets</b>	7,644	-	7,644
<b>NET ASSETS, Beginning of Year</b>	<u>671,427</u>	<u>686</u>	<u>672,113</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 679,071</u>	<u>\$ 686</u>	<u>\$ 679,757</u>

See accompanying notes and independent auditors' report.

**THE NORTHERN HILLS AREA CASA PROGRAM**

**STATEMENT OF ACTIVITIES**

**For the Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public Support and Revenue</b>			
Public Support			
Governmental grants	\$ 65,600	\$ 134,818	\$ 200,418
Private grants	35,845	-	35,845
Contributions	51,773	-	51,773
In-kind contributions	12,444	-	12,444
Special events	64,224	-	64,224
Total Public Support	<u>229,886</u>	<u>134,818</u>	<u>364,704</u>
Other Revenue			
Investment income	18,637	-	18,637
Unrealized gains (losses) on investments	(7,114)	-	(7,114)
Net change in beneficial interest	121	-	121
Rental income	12,600	-	12,600
Total Other Revenue	<u>24,244</u>	<u>-</u>	<u>24,244</u>
Net Assets Released from Restrictions	<u>134,818</u>	<u>(134,818)</u>	<u>-</u>
<b>Total Public Support and Revenue</b>	388,948	-	388,948
<b>Functional Expenses</b>			
Program Services			
Advocacy	233,325	-	233,325
Supporting Services			
Management and general	14,379	-	14,379
Fundraising expenses	36,469	-	36,469
<b>Total Functional Expenses</b>	284,173	-	284,173
<b>Other Expenses</b>			
Rental expenses and depreciation	8,261	-	8,261
<b>Total Expenses</b>	<u>292,434</u>	<u>-</u>	<u>292,434</u>
<b>Change in Net Assets</b>	96,514	-	96,514
<b>NET ASSETS, Beginning of Year</b>	<u>574,913</u>	<u>686</u>	<u>575,599</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 671,427</u>	<u>\$ 686</u>	<u>\$ 672,113</u>

See accompanying notes and independent auditors' report.



STATEMENTS OF FUNCTIONAL EXPENSES

**THE NORTHERN HILLS AREA CASA PROGRAM**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2022**

<b>Functional Expenses</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Payroll				
Salaries and wages	\$ 138,127	\$ 14,573	\$ 12,222	\$ 164,922
Employee benefits	9,157	1,032	1,041	11,230
Payroll taxes	10,227	1,153	1,162	12,542
Total Payroll	<u>157,511</u>	<u>16,758</u>	<u>14,425</u>	<u>188,694</u>
Other				
Accounting and auditing	12,090	1,363	1,374	14,827
Advertising/Public relations	3,511	-	-	3,511
Depreciation	5,497	485	489	6,471
Fundraising projects	-	-	17,390	17,390
In-kind expenses	19,923	-	-	19,923
Insurance	5,754	649	654	7,057
Miscellaneous	1,370	154	156	1,680
Office, copier and postage	2,914	3,423	331	6,668
Rent, occupancy and repairs	20,082	2,263	2,281	24,626
Supplies	6,477	-	-	6,477
Telephone, internet and computer	6,483	358	361	7,202
Training and travel	15,480	270	272	16,022
Volunteer expenses	4,185	-	-	4,185
Total Other	<u>103,766</u>	<u>8,965</u>	<u>23,308</u>	<u>136,039</u>
<b>Total Functional Expenses</b>	<u>\$ 261,277</u>	<u>\$ 25,723</u>	<u>\$ 37,733</u>	<u>\$ 324,733</u>

See accompanying notes and independent auditors' report.

**THE NORTHERN HILLS AREA CASA PROGRAM**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2021**

<b>Functional Expenses</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Payroll				
Salaries and wages	\$ 139,482	\$ 5,286	\$ 11,305	\$ 156,073
Employee benefits	8,716	982	990	10,688
Payroll taxes	9,830	1,108	1,116	12,054
Total Payroll	<u>158,028</u>	<u>7,376</u>	<u>13,411</u>	<u>178,815</u>
Other				
Accounting and auditing	12,115	1,334	1,345	14,794
Advertising/Public relations	997	-	-	997
Depreciation	7,287	485	489	8,261
Fundraising projects	-	-	19,239	19,239
In-kind expenses	12,444	-	-	12,444
Insurance	3,857	435	438	4,730
Miscellaneous	1,882	212	214	2,308
Office, copier and postage	1,919	3,432	218	5,569
Rent, occupancy and repairs	6,350	716	721	7,787
Supplies	6,858	-	-	6,858
Telephone, internet and computer	5,870	305	307	6,482
Training and travel	9,963	84	87	10,134
Volunteer expenses	5,755	-	-	5,755
Total Other	<u>75,297</u>	<u>7,003</u>	<u>23,058</u>	<u>105,358</u>
<b>Total Functional Expenses</b>	<u><u>\$ 233,325</u></u>	<u><u>\$ 14,379</u></u>	<u><u>\$ 36,469</u></u>	<u><u>\$ 284,173</u></u>

See accompanying notes and independent auditors' report.

**THE NORTHERN HILLS AREA CASA PROGRAM**  
**STATEMENTS OF CASH FLOWS**

	<b>For the Years Ended December 31,</b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Cash flows From Operating Activities</b>		
Increase/(Decrease) in Net Assets	\$ 7,644	\$ 96,514
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by operating activities:		
Depreciation	10,882	12,669
Net change in beneficial interest in Community Foundation	162	254
Unrealized (gain) loss on investments	46,994	7,114
(Increase)/Decrease in:		
Prepaid expenses	-	1,742
Other receivables	(24,408)	-
Increase/(Decrease) in:		
Accrued expenses	3,607	1,258
Deferred insurance proceeds	-	(10,656)
Net Cash Provided by/(Used in) Operating Activities	44,881	108,895
<b>Cash Flows from Financing Activities</b>		
Principal paid on long-term debt	-	-
Net Cash Provided by/(Used in) Financing Activities	-	-
<b>Cash Flows from Investing Activities</b>		
Purchase of mutual funds	(3,720)	(17,644)
Acquisition of property, plant, and equipment	-	-
Net Cash Provided by/(Used in) Investing Activities	(3,720)	(17,644)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		
During the Year	41,161	91,251
<b>Cash and Cash Equivalents, Beginning of Year</b>	207,101	115,850
<b>Cash and Cash Equivalents, End of Year</b>	\$ 248,262	\$ 207,101

See accompanying notes and independent auditors' report.

**THE NORTHERN HILLS AREA CASA PROGRAM**  
**Notes to the Financial Statements**  
**December 31, 2022 and 2021**

**Note 1 - Summary of Significant Accounting Policies**

Nature of Activities

The Northern Hills Area CASA Program (CASA) is a nonprofit organization. The program's mission is to recruit, train and supervise court-appointed community volunteers who advocate for safe, permanent, nurturing homes for abused and neglected children in the court system. CASA is located in Spearfish, South Dakota, and serves several counties in western South Dakota. More than thirty volunteers advocate for nearly 100 children annually through the Organization.

Basis of Presentation

The accompanying financial statements of CASA have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of CASA's management and the Board of Directors.

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

Income Taxes

The Organization is an exempt organization for Federal Income Tax purposes under section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation as defined in Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Code. The Organization's income tax filings are subject to audit by various taxing authorities.

Cash and Cash Equivalents

For the purpose of reporting cash flows, the Organization considers all highly liquid investments and deposits with a term to maturity of three months or less when purchased to be cash equivalents. Cash equivalents at December 31, 2022 and 2021 consisted of \$11,872 and \$9,234, respectively, held in a money market account.

Investments

The Organization reports investments in mutual funds at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities. The Organization places its investments with high credit quality financial institutions, however the amounts held at the Brokerage's firm in mutual funds are not insured. Policies and investment strategies for these funds are governed by the Securities and Exchange Commission.

**THE NORTHERN HILLS AREA CASA PROGRAM**  
**Notes to the Financial Statements**  
**December 31, 2022 and 2021**

**Note 1 - Summary of Significant Accounting Policies (continued)**

Contributions, Support and Revenues

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a 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 statement of activities as net assets released from restrictions.

The Northern Hills Area CASA Program received its support and revenues primarily from governmental organizations. See Note 3 – Concentration of Revenue.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and support services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related expenses	Time and effort
Accounting and auditing	Time and effort
Advertising/Public relations	Direct Allocation
Depreciation	Square footage
Fundraising projects	Direct Allocation
In-Kind expenses	Direct Allocation
Insurance	Time and effort
Interest and investment	Time and effort
Miscellaneous	Time and effort
Office, copier and postage	Time and effort
Rent, occupancy and repairs	Square footage
Supplies	Direct Allocation
Telephone and internet	Time and effort
Training and travel	Direct Allocation
Volunteer expenses	Direct Allocation

**THE NORTHERN HILLS AREA CASA PROGRAM**  
**Notes to the Financial Statements**  
**December 31, 2022 and 2021**

**Note 1 - Summary of Significant Accounting Policies (continued)**

Fixed Assets

Expenditures for property and equipment are stated at cost. Depreciation for property and equipment is computed on the estimated useful lives ranging from three to ten years for furniture, fixtures and equipment and 27-29 years for buildings and building improvements using the straight-line method. The cost of current repairs and minor replacements is charged to the appropriate operating expense account, and the cost of acquisitions, renewals and betterments over \$1,500 is capitalized.

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. There were no donations of property and equipment for the years ended December 31, 2022 and 2021.

The net fixed asset balance has been recorded as a separate component in net assets without donor restrictions.

Donated Materials and Services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 5,000 volunteer hours per year. No amounts have been reflected in the financial statements for these donated services because they do not meet the criteria for recognition.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates 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. Actual amounts could differ from those estimates.

**Note 2 - In-Kind Revenues and Expenses**

The Northern Hills Area CASA Program recognizes in-kind revenues and expenses for indirectly paid expenses by funding entities. In-kind donations primarily consist of free advertising, program items, and supplies for fundraising events held. For the years ended December 31, in-kind revenue and expenses consisted of the following:

	2022	2021
Advertising	\$ 7,444	\$ 5,288
Program supplies	2,204	980
Fundraising supplies	10,275	6,176
	\$ 19,923	\$ 12,444

**THE NORTHERN HILLS AREA CASA PROGRAM**  
**Notes to the Financial Statements**  
**December 31, 2022 and 2021**

**Note 3 - Concentration of Revenue**

The Northern Hills Area CASA Program is dependent upon governmental funds for a significant portion of its operating revenue. Funds from governmental agencies consisted of 43% and 52% in 2022 and 2021, respectively.

**Note 4 - Land, Buildings and Equipment**

The following is a summary of major classifications of land, buildings and equipment:

	2022	2021
Buildings and improvements	\$ 266,978	\$ 266,978
Equipment and furnishings	76,781	76,781
Land	36,142	36,142
	<u>379,901</u>	<u>379,901</u>
Less accumulated depreciation	(158,813)	(147,931)
Net land, buildings and equipment	<u>\$ 221,088</u>	<u>\$ 231,970</u>

The following is a summary of changes in land, buildings and equipment for the year ended December 31, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance
Buildings and improvements	\$ 266,978	\$ -	\$ -	\$ 266,978
Equipment and furnishings	76,781	-	-	76,781
Land	36,142	-	-	36,142
Total	<u>\$ 379,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,901</u>

Depreciation expense was \$10,882 and \$12,669 for the years ended December 31, 2022 and 2021, respectively.

**Note 5 - Concentration of Credit Risk**

CASA maintains cash balances in two accounts at a local financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2022 and 2021 there was not an uninsured cash balance.



**THE NORTHERN HILLS AREA CASA PROGRAM**  
**Notes to the Financial Statements**  
**December 31, 2022 and 2021**

**Note 6 - Retirement Plan**

The Northern Hills Area CASA Program maintains a SIMPLE IRA plan. All full-time employees are eligible to participate in the plan. The Organization has elected to match each participant's elective deferrals on a dollar for dollar basis up to 3% of each participant's compensation.

For the years ended December 31, 2022 and 2021, the Organization's total contribution was \$4,820 and \$4,547, respectively.

**Note 7 - Advertising**

The Organization has adopted a policy of expensing advertising costs as incurred. Total advertising costs for the years ended December 31, 2022 and 2021 were \$3,511 and \$997, respectively. Additionally, \$7,444 in in-kind advertising was received in 2022.

**Note 8 - Availability and Liquidity**

The following represents the Organization's financial assets at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 248,262	\$ 207,101
Investments in mutual funds	193,387	236,661
Total Financial Assets	<u>441,649</u>	<u>443,762</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	686	686
Less net assets with purpose restrictions to be met in less than a year	-	-
	<u>686</u>	<u>686</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 440,963</u>	<u>\$ 443,076</u>

**Note 9 - Net Assets**

Net assets with donor restrictions consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Visitor Center	<u>\$ 686</u>	<u>\$ 686</u>

**THE NORTHERN HILLS AREA CASA PROGRAM**  
**Notes to the Financial Statements**  
**December 31, 2022 and 2021**

**Note 10 - Beneficial Interest in Assets Held by Community Foundation**

Beneficial interest in assets held by Community Foundation consists of an agency fund held by the South Dakota Community Foundation (SDCF). This fund was established by the Organization in 2007 for the benefit of the Organization. The fair market value of the fund was \$1,709 at December 31, 2022 and \$1,871 at December 31, 2021. Changes in the value of the fund are recognized on the statement of activities as “net change in beneficial interest.”

Variance power was granted to the SDCF to allow the right to modify any restriction or condition on the distribution of the funds for any specified charitable purposes or to specified organizations, if in the sole judgement of the governing body of SDCF, such restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the South Dakota area. The fund is the exclusive property of the SDCF and the SDCF has full authority and discretion as the investment and reinvestment of the assets.

Distributions from the funds shall be in accordance with the spending policies established by the Board of SDCF and shall be paid and distributable at least annually, or more frequently, as the parties may from time to time agree.

The beneficial interest in assets held at the SDCF has been valued, as a practical expedient, at the fair value of the Organization’s share of the SDCF’s investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The beneficial interest in assets held at the SDCF is not redeemable by the Organization as described above.

Changes in the beneficial interest in assets held by Community Foundation for the years ending December 31 are as follows:

	2022	2021
Balance, Beginning of Year	\$ 1,871	\$ 1,617
Earnings, net of gains (losses)	(122)	270
Administrative/Investment fees	(40)	(16)
Balance, End of Year	\$ 1,709	\$ 1,871

**Note 11 - Investment in Mutual Funds**

Investment in mutual funds at December 31, 2022 consisted of \$11,872 held in money market funds and \$193,387 held in mutual funds for a total of \$205,259.

The Organization’s financial assets and liabilities carried at fair value have been classified for disclosure purposes, based on a hierarchy defined by FASB ASC 820, Fair Value Measurement. The established framework gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

**THE NORTHERN HILLS AREA CASA PROGRAM**  
**Notes to the Financial Statements**  
**December 31, 2022 and 2021**

**Note 11 - Investment in Mutual Funds (continued)**

An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, A Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Observable inputs based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible to the Organization at the market date.

Level 2 – Observable inputs, other than those included in Level 1, based on quoted prices for similar assets or liabilities in active markets, or quoted prices for identical assets and liabilities in inactive markets.

Level 3 – Unobservable inputs that reflect the Organization's own assumptions about what inputs a market participant would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value of each financial instrument in the table below was measured using FASB ASC Topic 820 input guidance and valuation techniques. The mutual fund is widely held and actively traded. The mutual fund is valued at quoted market values, which are equivalent to the fair value of their underlying assets, as provided by the administrators of the fund. The mutual fund is therefore included in Level 1.

Cost and fair value of marketable securities at December 31, 2022 is a follows:

	Cost	Unrealized Gain (Loss)	Fair Value
Available for sale Mutual Funds	\$ 240,381	\$ (46,994)	\$ 193,387

The net unrealized loss on securities available for sale in the amount of \$46,994 has been included in the unrestricted revenues and gains for the year ended December 31, 2022.

**Note 12 - Date of Management's Review**

Subsequent events have been evaluated through February 27, 2024 the date the financial statements were available to be issued.