

Court Appointed Special Advocates Program, Inc.

Audited Financial Statements

For Year Ended June 30, 2017

Rubian Moss, CPA
A Professional Corporation

Court Appointed Special Advocates Program, Inc.

Financial Statements

Year ended June 30, 2017

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Independent Auditor's Report

Board of Directors

Court Appointed Special Advocates Program, Inc.

Concord, California

We have audited the accompanying financial statements of Court Appointed Special Advocates Program, Inc., a nonprofit tax-exempt corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Court Appointed Special Advocates Program, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses by contract on page 14 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rubian Moss, CPA

Walnut Creek, California
September 19, 2017

Court Appointed Special Advocates Program, Inc.

Statement of Financial Position

As of June 30, 2017

Assets

Current assets:

| | | |
|---------------------------|----|---------------|
| Cash and cash equivalents | \$ | 520,085 |
| Receivables | | 145,594 |
| Prepaid expenses | | <u>19,357</u> |
| Total current assets | | 685,036 |

| | | |
|-----------------------------|----|-----------------------|
| Property and equipment, net | | 11,297 |
| Deposits | | <u>5,770</u> |
| Total assets | \$ | <u><u>702,103</u></u> |

Liabilities and net assets

Current liabilities:

| | | |
|---------------------------|----|---------------|
| Accounts payable | \$ | 7,263 |
| Accrued vacation | | 19,973 |
| Deferred revenue | | <u>25,500</u> |
| Total current liabilities | | 52,736 |

Net assets:

| | | |
|----------------------------------|----|-----------------------|
| Unrestricted | | 510,339 |
| Temporarily restricted | | 92,554 |
| Permanently restricted | | <u>46,474</u> |
| Total net assets | | <u>649,367</u> |
| Total liabilities and net assets | \$ | <u><u>702,103</u></u> |

See accompanying notes.

Court Appointed Special Advocates Program, Inc.

Statement of Activities

For Year Ended June 30, 2017

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---------------------------------------|---------------------|-----------------------------------|-----------------------------------|--------------|
| Support and revenue: | | | | |
| Support | | | | |
| Foundation and corporations | \$ 221,000 | \$ 90,000 | \$ - | \$ 311,000 |
| Individuals | 163,278 | 550 | - | 163,828 |
| In-kind contributions | 803,710 | - | - | 803,710 |
| Special events, net | 125,986 | - | - | 125,986 |
| Total support | 1,313,974 | 90,550 | - | 1,404,524 |
| Revenue | | | | |
| Government contracts | 74,589 | - | - | 74,589 |
| Investment income | 1,884 | - | - | 1,884 |
| Total revenue | 76,473 | - | - | 76,473 |
| Net assets released from restrictions | 25,300 | (25,300) | - | - |
| Total support and revenue | 1,415,747 | 65,250 | - | 1,480,997 |
| Expenses: | | | | |
| Program services | 1,389,444 | - | - | 1,389,444 |
| General and administrative | 40,212 | - | - | 40,212 |
| Fundraising | 35,998 | - | - | 35,998 |
| Total expenses | 1,465,654 | - | - | 1,465,654 |
| Change in net assets | (49,907) | 65,250 | - | 15,343 |
| Net assets, beginning of year | 560,246 | 27,304 | 46,474 | 634,024 |
| Net assets, end of year | \$ 510,339 | \$ 92,554 | \$ 46,474 | \$ 649,367 |

See accompanying notes.

Court Appointed Special Advocates Program, Inc.

Statement of Cash Flows

For Year Ended June 30, 2017

Cash flows from operating activities:

| | |
|---|-----------|
| Change in net assets | \$ 15,343 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 3,221 |
| Increase in receivables | (2,826) |
| Increase in prepaid expenses | (7,439) |
| Decrease in accounts payable | (4,333) |
| Increase in accrued vacation | 5,471 |
| Increase in deferred revenue | 15,500 |
| Net cash provided by operating activities | 24,937 |

Cash flows from investing activities:

| | |
|--|------------|
| Purchase of property and equipment, net | (4,761) |
| Net cash used in investing activities | (4,761) |
| Net change in cash and cash equivalents | 20,176 |
| Cash and cash equivalents, beginning of year | 499,909 |
| Cash and cash equivalents, end of year | \$ 520,085 |

See accompanying notes.

Court Appointed Special Advocates Program, Inc.

Statement of Functional Expenses

For Year Ended June 30, 2017

| | Program | General and Administrative | Fundraising | Total |
|-----------------------------------|---------------------|---------------------------------------|--------------------|---------------------|
| Salaries | \$ 404,439 | \$ 7,039 | \$ 14,070 | \$ 425,548 |
| Employee benefits | 29,281 | 97 | 769 | 30,147 |
| Payroll taxes | 31,991 | 571 | 1,118 | 33,680 |
| Contract services | 4,423 | 24,588 | 484 | 29,495 |
| Total personnel | 470,134 | 32,295 | 16,441 | 518,870 |
| Board expenses | 729 | 413 | - | 1,142 |
| Supplies | 6,399 | 486 | 68 | 6,953 |
| Dues and subscriptions | 401 | 474 | 23 | 898 |
| Insurance | 7,143 | 581 | 581 | 8,305 |
| Postage | 684 | 100 | 1,103 | 1,887 |
| Telephone | 7,394 | 606 | 606 | 8,606 |
| Occupancy | 52,168 | 1,140 | 1,066 | 54,374 |
| Equipment and repairs | 7,658 | 766 | 2,434 | 10,858 |
| Staff expenses | 4,018 | - | - | 4,018 |
| Volunteer expenses | 28,659 | - | - | 28,659 |
| Volunteer services | 803,710 | - | - | 803,710 |
| Depreciation | - | 3,221 | - | 3,221 |
| Donor acquisition and development | - | - | 12,148 | 12,148 |
| Other | 347 | 130 | 1,528 | 2,005 |
| Total expenses | <u>\$ 1,389,444</u> | <u>\$ 40,212</u> | <u>\$ 35,998</u> | <u>\$ 1,465,654</u> |

See accompanying notes.

Court Appointed Special Advocates Program, Inc.

Notes to Financial Statements

For Year Ended June 30, 2017

1. Organization and Summary of Significant Accounting Policies

Organization

Court Appointed Special Advocates of Contra Costa County, Inc. (CASA) is a nonprofit corporation incorporated under the laws of California. CASA's purpose is to provide a loving and caring consistency for children who are involved in a confusing Social Services system; to enhance the time a child spends in the system by monitoring case plans; to help the Courts make timely, sound, heartfelt decisions; and carry forth the urgency that the child's life is passing and this should not and cannot be forgotten.

Income Taxes

CASA is a Section 501(c)(3) organization exempt from income taxes under Section 501(a) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. There was no taxable unrelated business income during the year ended June 30, 2017.

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

CASA considers cash equivalents to be all highly liquid debt instruments with a maturity of three months or less unless they are held as certificates of deposit. Cash and cash equivalents consist mainly of cash, certificates of deposit, and money market funds and are valued using Level 1 inputs as discussed in Fair Value Measurements.

Deferred Revenue

CASA recognizes revenue on the completion of varying milestones. Accordingly, fee for service contracts that have not been completed are reported as deferred revenue.

Court Appointed Special Advocates Program, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets

CASA reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Accordingly, the net assets of the Foundation are reported using the following net asset classifications:

Unrestricted Net Assets — Include unrestricted contributions, income earned on unrestricted or restricted net assets, and amounts for which restrictions have expired.

Temporarily Restricted Net Assets — Represent resources restricted by donors by time or for a specific purpose. The related investment income is transferred to unrestricted net assets.

Permanently Restricted Net Assets — Represent cash and investments that are subject to gift instrument restrictions that require the principal to be invested in perpetuity.

Fair Value Measurements

CASA measures assets and liabilities at fair value. Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1 — Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that CASA has the ability to access at the measurement date. Level 1 inputs provide the most reliable measure of fair value as of the measurement date.

Level 2 — Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3 — Inputs are significant unobservable inputs for the asset or liability.

Functional Allocation of Expenses

The costs of providing the program, general and administrative, and fundraising activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Court Appointed Special Advocates Program, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions and Grants

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a specific-purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are reported as unrestricted contributions.

2. Receivables

Receivables represent funds earned or promised but not yet received. At June 30, 2017, receivables consisted of the following:

| | | |
|--|----|----------------|
| Contra Costa County | \$ | 4,393 |
| City of Concord | | 2,288 |
| State of California – Judicial Council | | 16,325 |
| Foundation grants | | 90,000 |
| Contributions | | 32,588 |
| Total | \$ | <u>145,594</u> |

CASA considers all receivables to be fully collectible at June 30, 2017. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Court Appointed Special Advocates Program, Inc.

Notes to Financial Statements (continued)

3. Property and Equipment

Property and equipment purchased by CASA is recorded at cost. CASA capitalizes all expenditures for property and equipment over \$500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment, usually three to five years.

At June 30, 2017, property and equipment consisted of the following:

| | | |
|-----------------------------|----|----------------------|
| Furniture and equipment | \$ | 39,403 |
| Leasehold improvements | | 3,717 |
| Accumulated depreciation | | <u>(31,823)</u> |
| Property and equipment, net | \$ | <u><u>11,297</u></u> |

Depreciation expense for the year ended June 30, 2017, was \$3,221.

4. Temporarily Restricted Net Assets

At June 30, 2017, temporarily restricted net assets consisted of the following:

| | | |
|-----------------------------------|----|----------------------|
| Lesher Foundation | \$ | 90,000 |
| Other | | <u>2,554</u> |
| Temporarily restricted net assets | \$ | <u><u>92,554</u></u> |

5. Permanently Restricted Net Assets

At June 30, 2017, permanently restricted net assets consisted of the following:

| | | |
|-----------------------------------|----|----------------------|
| Franko Fund | \$ | <u>46,474</u> |
| Permanently restricted net assets | \$ | <u><u>46,474</u></u> |

Court Appointed Special Advocates Program, Inc.

Notes to Financial Statements (continued)

6. In-Kind Contributions

In-kind contributions are recognized when received. Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which CASA would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. A substantial number of individuals have donated significant amounts of their time to CASA, primarily through program activities. These services are reflected in the accompanying financial statements, as volunteer services and in-kind contributions, using a valuation of the services based on an estimate of the fair value at the time of the donation. Donated services by individuals providing specialized advocate volunteer services are valued at \$26.34 per hour, based upon the California Judicial Council's stated hourly rate for their contract's matching requirement.

In-kind contributions consisted of the following for the year ending June 30, 2017:

| | |
|-----------------------|-------------------|
| Volunteer services | \$ 803,710 |
| In-kind contributions | <u>\$ 803,710</u> |

7. Special Events

Special event income consists of the following for the year ending June 30, 2017:

| | |
|----------------|-------------------|
| Event revenues | \$ 181,241 |
| Event expenses | <u>(55,255)</u> |
| Net | <u>\$ 125,986</u> |

8. Operating Lease Commitments

CASA is party to a lease for office space in Concord, California, which expires in July 2026, as well as leases for equipment. Future minimum operating lease payments are as follow for years ending June 30:

| | |
|------------|-------------------|
| 2018 | \$ 57,469 |
| 2019 | 57,469 |
| 2020 | 59,056 |
| 2021 | 60,787 |
| 2022 | 62,518 |
| Thereafter | <u>273,181</u> |
| Total | <u>\$ 570,480</u> |

Occupancy expense for the year ended June 30, 2017, was \$54,374.

Court Appointed Special Advocates Program, Inc.

Notes to Financial Statements (continued)

9. Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. CASA deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of CASA to the provisions of the grants. CASA's management is of the opinion that CASA has complied with the terms of all grants.

10. Concentration of Credit Risk

Cash

Financial instruments that potentially subject CASA to concentrations of credit risk consist principally of cash. CASA maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits. CASA has not experienced any losses in such accounts. At June 30, 2017, all of CASA's cash balances are insured.

11. Subsequent Events

CASA has evaluated all subsequent events through September 19, 2017, the date through which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

Court Appointed Special Advocates Program, Inc.

Supplemental Information

For Year Ended June 30, 2017

Court Appointed Special Advocates Program, Inc.

Schedule of Expenses by Contract

For Year Ended June 30, 2017

| | Contra Costa County CDBG | State of CA Judicial Council | State of CA Judicial Council Title IV-E | City of Concord CDBG | Total |
|-----------------------------------|-------------------------------------|---|--|---------------------------------|------------------|
| Salaries | \$ 18,000 | \$ 33,525 | \$ 8,402 | \$ 7,322 | \$ 67,249 |
| Payroll taxes | - | - | - | - | - |
| Employee benefits | - | - | - | - | - |
| Contract services | - | - | - | - | - |
| Total personnel | 18,000 | 33,525 | 8,402 | 7,322 | 67,249 |
| Board expenses | - | - | - | - | - |
| Supplies | - | - | - | - | - |
| Dues and subscriptions | - | - | - | - | - |
| Insurance | - | 2,908 | - | - | 2,908 |
| Postage | - | - | - | - | - |
| Telephone | - | - | - | - | - |
| Occupancy | - | - | - | 2,678 | 2,678 |
| Equipment and repairs | - | - | - | - | - |
| Staff expenses | - | - | - | - | - |
| Volunteer expenses | - | 2,292 | 1,171 | - | 3,463 |
| Volunteer services | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| Donor acquisition and development | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total expenses | <u>\$ 18,000</u> | <u>\$ 38,725</u> | <u>\$ 9,573</u> | <u>\$ 10,000</u> | <u>\$ 76,298</u> |

See accompanying notes.