

**CALIFORNIA COURT APPOINTED
SPECIAL ADVOCATE ASSOCIATION**

OAKLAND, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2017

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-11
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12-13

INDEPENDENT AUDITORS' REPORT

Board of Directors
California Court Appointed Special
Advocate Association
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of California Court Appointed Special Advocate Association (California CASA), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows 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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 organization'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 organization'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Court Appointed Special Advocate Association 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 Summarized Comparative Information

We have previously audited California Court Appointed Special Advocate Association’s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2017 on our consideration of the California Court Appointed Special Advocate Association’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 California Court Appointed Special Advocate Association’s internal control over financial reporting and compliance.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
October 23, 2017

California Court Appointed Special Advocate Association
STATEMENTS OF FINANCIAL POSITION
 June 30, 2017
 (With Comparative Totals for June 30, 2016)

	2017	2016
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 219,103	\$ 212,054
Accounts receivable	62,776	102,866
Prepaid expenses and other current assets	12,076	7,563
Total current assets	293,955	322,483
Non-current assets:		
Intangible assets, net of accumulated amortization	4,094	9,007
Total non-current assets	4,094	9,007
Total assets	\$ 298,049	\$ 331,490
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 3,596	\$ 11,153
Accrued vacation payable	8,531	12,162
Refundable advances	164,715	130,984
Total current liabilities	176,842	154,299
Net assets:		
Unrestricted	121,207	177,191
Total net assets	121,207	177,191
Total liabilities and net assets	\$ 298,049	\$ 331,490

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

California Court Appointed Special Advocate Association
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Unrestricted	
	2017	2016
Revenues:		
Grants and contracts	\$ 737,179	\$ 866,632
Individual support	20,661	21,481
Board annual giving	116,955	58,850
Events	65,115	62,701
In-kind donations	30,400	35,074
Interest/other	12,024	33
Total revenues	982,334	1,044,771
Expenses:		
Program services	824,356	864,954
Management and general	106,667	87,810
Fundraising	107,295	103,802
Total expenses	1,038,318	1,056,566
Changes in net assets	(55,984)	(11,795)
Net assets, beginning of period	177,191	188,986
Net assets, end of period	\$ 121,207	\$ 177,191

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

California Court Appointed Special Advocate Association
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Program Services	Management and General	Fundraising	Total 2017	Total 2016
Expenses:					
Personnel expense					
Salaries	\$ 406,414	\$ 51,000	\$ 58,511	\$ 515,925	\$ 484,161
Payroll taxes	30,217	4,492	6,125	40,834	40,583
Employee benefits	41,003	5,190	5,709	51,902	60,393
Professional fees	86,370	13,700	7,900	107,970	100,943
Program expenses	163,908	-	-	163,908	239,677
Conference and events	15,339	-	-	15,339	12,316
Fundraising costs	-	-	21,245	21,245	13,260
Office expense	56,054	7,095	7,805	70,954	69,417
Other	25,051	25,190	-	50,241	35,816
Total expenses	<u>\$ 824,356</u>	<u>\$ 106,667</u>	<u>\$ 107,295</u>	<u>\$ 1,038,318</u>	<u>\$ 1,056,566</u>

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

California Court Appointed Special Advocate Association
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (55,984)	\$ (11,795)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	4,913	4,912
Changes in certain assets and liabilities:		
Accounts receivable	40,090	40,263
Pledges receivable	-	64,950
Prepaid expenses and other current assets	(4,513)	(4,205)
Accounts payable	(7,557)	(38,847)
Accrued vacation payable	(3,631)	(13,702)
Deferred revenue	-	(64,950)
Refundable advances	33,731	24,414
Net cash provided (used) by operating activities	7,049	1,040
Net increase (decrease) in cash during the period	7,049	1,040
Cash and cash equivalents, beginning of period	212,054	211,014
Cash and cash equivalents, end of period	\$ 219,103	\$ 212,054

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

California Court Appointed Special Advocate Association

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 - GENERAL

California Court Appointed Special Advocate Association (California CASA) is a nonprofit corporation whose mission is to ensure children in the foster care system have both a voice and the services they need for a stable future. California CASA meets this goal by working on a statewide level actively supporting the network of 45 local CASA programs in 50 counties. California CASA strengthens the scope, quality, and impact of the CASA network by aiding individual programs in their efforts to provide quality advocacy services to all abused and neglected children in the juvenile courts through the use of trained volunteers. California CASA does this by advocating for improved child welfare practices and policies; providing local CASA programs with training, technical assistance, curriculum, and other resources; developing new and expanding existing CASA programs in the state; identifying and pursuing valuable alliances that leverage and/or expand children's resources statewide; increasing public awareness about the needs of children in the juvenile dependency system; and promoting CASA as an effective and compassionate model to ensure children's rights are protected, their voices are heard, and their health and wellness needs are supported.

The California Court Appointed Special Advocate Association is funded by a mix of public and private grants and donations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of California CASA are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of a period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

B. Basis of Presentation

The financial statements of California CASA have been prepared on the accrual basis in conformity with generally accepted accounting principles. The statements are presented in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958-205), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, California CASA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

C. Unrestricted Net Assets

Unrestricted net assets generally result from revenues obtained by providing services, receiving unrestricted contributions, and receiving interest and dividends from income-producing assets. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of California CASA and the purposes specified in its Articles of Incorporation or Bylaws and limits resulting from contractual agreements entered into by California CASA in the course of its operations.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include all cash accounts that are not subject to withdrawal restrictions or penalties and all highly liquid investments purchased with a maturity of three months or less.

E. Pledges Receivable

California CASA accounts for pledges receivable in accordance with the recommendations of FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*.

F. Allowances for Uncollectible Receivables

California CASA has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable that all receivables will be collected.

G. Fixed Assets and Intangible Assets

California CASA records purchased property and equipment over \$3,000 at cost and records donated fixed assets at fair market value on the date received.

Costs directly attributable to website development are capitalized as intangible assets. Such costs include purchases of services and payroll-related costs of employees directly involved in the project. Intangible assets are amortized by the straight-line method over estimated useful lives of 3 years.

H. Contributions

Contributions to California CASA from private organizations and individuals are recognized as support when received. Donated marketable securities are recorded as contributions at their estimated fair market value on the date of donation.

I. Allocation of Expenses

Directly identifiable expenses are charged to program services. Expenses related to more than one function are charged to program services on the basis of periodic time and expense studies. Management and general expenses includes those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of California CASA.

J. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles, and as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (concluded)

K. Risk Management

California CASA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which California CASA carries commercial insurance.

L. Contingencies

Grant support is subject to audit by the grantor. In the event a grantor audit should result in costs being disallowed, California CASA would be obligated to reimburse the grantor for disallowed costs. Any such disallowance would be paid from the Unrestricted Net Assets fund.

M. Donated Services and In-kind

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by California CASA.

Values assigned to in-kind contributions and the related expenses are based on federal guidelines. In accordance with those guidelines, values are based upon estimated area-wide averages for purchased services or supplies of a similar type. In-kind contributions and expenses are recorded when used in the program and are not carried forward.

N. Subsequent Events

In preparing these financial statements, California CASA has evaluated events and transactions for potential recognition or disclosure through October 23, 2017, the date the financial statements were available to be issued.

NOTE 3 - INCOME TAXES

California CASA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. California CASA is also exempt from California franchise taxes and, therefore, has made no provision for Federal or California income taxes. In addition, California CASA has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 501(a) of the Code.

California Court Appointed Special Advocate Association

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 3 - INCOME TAXES (concluded)

California CASA adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. California CASA has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. California CASA believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on California CASA's financial condition, results of operations or cash flows. Accordingly, California CASA has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2017. California CASA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - CASH AND CASH EQUIVALENTS

Cash balances at June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Bank of America	\$ 219,103	\$ 212,054

The bank balances were insured under the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC).

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Judicial Council	\$ 43,676	\$ 74,600
National CASA Association	19,100	28,266
Total	<u>\$ 62,776</u>	<u>\$ 102,866</u>

NOTE 6 - INTANGIBLE ASSETS

Intangible assets as of June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Website development costs	\$ 14,738	\$ 14,738
Less: accumulated amortization	(10,644)	(5,731)
Intangible assets, net	<u>\$ 4,094</u>	<u>\$ 9,007</u>

Website development costs include personnel expenses of \$13,338 and professional services of \$1,400 incurred during the development and graphics design stage. Amortization expense for the years ended June 30, 2017 and 2016 totaled \$4,913 and \$4,912, respectively.

California Court Appointed Special Advocate Association

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 7 - ACCRUED VACATION PAYABLE

Accumulated unpaid employee vacation benefits are recognized as liabilities of California CASA. The accumulated vacation payable was \$8,531 and \$12,162 for the years ended June 30, 2017 and 2016, respectively.

NOTE 8 - REFUNDABLE ADVANCES

Refundable advances as of June 30, 2017 and 2016 were available for the following purposes:

	<u>2017</u>	<u>2016</u>
Kaiser Permanente - North	\$ 16,106	\$ -
Kaiser Permanente - South	7,644	-
National CASA Association	14,624	-
Van Loben Sels/RembeRock Foundation	2,431	-
Walter S. Johnson Foundation	73,910	80,984
Zellerbach Foundation	<u>50,000</u>	<u>50,000</u>
Total	<u>\$ 164,715</u>	<u>\$ 130,984</u>

NOTE 9 - IN-KIND DONATIONS

In-kind donations for the years ended June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Board meeting expense	\$ 5,350	\$ 2,981
Auction items	25,050	19,093
Professional services	-	5,000
Software from National CASA	<u>-</u>	<u>8,000</u>
Total	<u>\$ 30,400</u>	<u>\$ 35,074</u>

NOTE 10 - LEASE COMMITMENT

California CASA leases its facility in Oakland, California under an operating lease that expires on January 31, 2019. The rent expense, net of reimbursements, for the years ended June 30, 2017 and June 30, 2016 was \$27,468 and \$26,727, respectively. Future minimum lease payments under this agreement are as follows:

Fiscal year ending June 30, 2018	\$ 27,876
Fiscal year ending June 30, 2019	<u>16,261</u>
Total	<u>\$ 44,137</u>

INDEPENDENT AUDITORS' 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
California Court Appointed Special
Advocate Association
Oakland, California

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, the financial statements of California Court Appointed Special Advocate Association, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered California Court Appointed Special Advocate Association's internal control over financial reporting (internal control) to determine the 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 California Court Appointed Special Advocate Association's internal control. Accordingly, we do not express an opinion on the effectiveness of California Court Appointed Special Advocate Association'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Court Appointed Special Advocate Association's 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of California Court Appointed Special Advocate Association in a separate letter dated October 23, 2017.

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

R. J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
October 23, 2017