

**COURT APPOINTED SPECIAL ADVOCATES
OF SAN LUIS OBISPO COUNTY, INC.**

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

For the Year Ended
June 30, 2017

**COURT APPOINTED SPECIAL ADVOCATES
OF SAN LUIS OBISPO COUNTY, INC.**
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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Independent Auditors' Report

To the Board of Directors
Court Appointed Special Advocates
of San Luis Obispo County, Inc.
San Luis Obispo, California

We have audited the accompanying financial statements of Court Appointed Special Advocates of San Luis Obispo County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, changes in net assets, 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 U.S. generally accepted accounting principles; 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.

Auditors' 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 auditors' 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 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 financial statement presentation.

We believe that the 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 of San Luis Obispo County, Inc., as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

CINDRICH & COMPANY
An Accountancy Corporation

San Luis Obispo, CA
January 9, 2018

**COURT APPOINTED SPECIAL ADVOCATES
OF SAN LUIS OBISPO COUNTY, INC.**
STATEMENT OF FINANCIAL POSITION
June 30, 2017

ASSETS	Unrestricted	Temporarily Restricted	Totals
Current assets:			
Cash and cash equivalents	\$ 336,499	\$ 40,526	\$ 377,025
Certificate of deposit (Note 3)	22,480		22,480
Grants receivable (Note 2)	105,944		105,944
Prepaid expenses	11,172		11,172
Total current assets	476,095	40,526	516,621
Fixed assets:			
Fixed assets - at cost, less accumulated depreciation of \$76,460 (Notes 2 and 4)	42,203		42,203
Other assets:			
Deposit	1,500		1,500
Total other assets	1,500	-	1,500
Total assets	\$ 519,798	\$ 40,526	\$ 560,324
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 21,570	\$ -	\$ 21,570
Accrued wages and payroll taxes payable	11,450		11,450
Accrued vacation payable	15,883		15,883
Deferred revenue	800		800
Total current liabilities	49,703	-	49,703
Net assets:			
Unrestricted	470,095		470,095
Temporarily restricted		40,526	40,526
Total net assets	470,095	40,526	510,621
Total liabilities and net assets	\$ 519,798	\$ 40,526	\$ 560,324

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

**COURT APPOINTED SPECIAL ADVOCATES
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Totals
Revenue:			
Grants	\$ 99,366	\$ 275,448	\$ 374,814
Fundraising - net of \$133,105 in direct expenses, of which \$75,900 are in kind	276,768		276,768
Contributions	146,845		146,845
Contributions - in kind volunteers	405,845		405,845
Contributions - in kind	38,643		38,643
Miscellaneous revenue	2,905		2,905
Realized gain on investments	161		161
Interest income	2,279		2,279
Net assets released from restriction	322,036	(322,036)	-
Total revenue	1,294,848	(46,588)	1,248,260
Expenses:			
Program services	944,614		944,614
Management and general	122,521		122,521
Fundraising	60,156		60,156
Total expenses	1,127,291	-	1,127,291
Change in net assets	\$ 167,557	\$ (46,588)	\$ 120,969

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

**COURT APPOINTED SPECIAL ADVOCATES
OF SAN LUIS OBISPO COUNTY, INC.**
STATEMENT OF CHANGES IN NET ASSETS
For The Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Totals
<i>NET ASSETS - June 30, 2016</i>	\$ 302,538	\$ 87,114	\$ 389,652
Change in net assets	167,557	(46,588)	120,969
<i>NET ASSETS - June 30, 2017</i>	\$ 470,095	\$ 40,526	\$ 510,621

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

**COURT APPOINTED SPECIAL ADVOCATES
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2017

	Program Services	Management & General	Fundraising	Totals
Volunteer expenses - in kind	\$ 405,845	\$ -	\$ -	\$ 405,845
Salary and wages	370,328	66,469	37,983	474,780
Rent - facility	32,760	5,880	3,360	42,000
Payroll tax expense	29,096	5,222	2,985	37,303
Computer expense	11,239	2,017	1,153	14,409
Insurance	12,776	2,293	1,310	16,379
Employee health insurance	10,844	1,946	1,112	13,902
Development expense	4,785	859	491	6,135
Travel	10,989	1,972	1,127	14,088
Depreciation	7,281	1,307	746	9,334
Repairs and maintenance	6,839	1,228	701	8,768
Accounting and professional		11,311		11,311
Bookkeeping		16,655		16,655
Fingerprinting	2,568			2,568
Supplies	6,459	1,159	663	8,281
Credit card merchant fees	1,881	338	193	2,412
Telephone and communications	2,976	534	306	3,816
Training	3,342	600	343	4,285
Utilities	3,196	574	327	4,097
Advertising expense	431	77	45	553
Dues and subscriptions	3,899	700	6,523	11,122
Janitorial	2,007	360	206	2,573
Children's fund expense	6,075			6,075
Postage	1,313	236	134	1,683
Printing	2,163	388	222	2,773
Rent - storage	1,576	283	161	2,020
Miscellaneous	284	51	29	364
Volunteer expenses	3,314			3,314
Interest expense	348	62	36	446
Total	\$ 944,614	\$ 122,521	\$ 60,156	\$ 1,127,291

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

**COURT APPOINTED SPECIAL ADVOCATES
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2017

Cash flows from operating activities:

Change in net assets	<u>\$ 120,969</u>
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,334
Realized gain on investments	(161)
In-kind stock donation	(10,715)
Decrease in grants receivable	30,130
Increase in prepaid expenses	(1,249)
Decrease in donated vehicles held for sale	700
Increase in accounts payable	17,463
Decrease in accrued wages and payroll taxes payable	(10,033)
Increase in accrued vacation payable	2,425
Increase in deferred revenue	<u>800</u>
 Total adjustments	 <u>38,694</u>
 Net cash provided by operating activities	 <u>159,663</u>

Cash flows from investing activities:

Proceeds from sale of investments	10,876
Acquisition of fixed assets	(20,830)
Acquisition of certificate of deposit	<u>(22,480)</u>
 Net cash used by investing activities	 <u>(32,434)</u>

Cash flows from financing activities:

Repayments on capital lease payable	<u>(546)</u>
 Net cash used by financing activities	 <u>(546)</u>

Net increase in cash 126,683

Cash at beginning of year 250,342

Cash at end of year \$ 377,025

Supplemental information:

Cash paid for interest was \$446 for the year ended June 30, 2017.
There was no cash paid for income taxes for the year ended June 30, 2017.

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

COURT APPOINTED SPECIAL ADVOCATES OF SAN LUIS OBISPO COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: HISTORY AND ORGANIZATION

Court Appointed Special Advocates of San Luis Obispo County, Inc. is a non-profit, non-stock corporation, organized under the laws of the State of California in 1993. The Organization recruits, screens, trains, and supervises volunteers who are appointed by the juvenile courts of San Luis Obispo to represent the best interests of abused, neglected, abandoned and dependent children. The volunteers get to know their assigned child by spending time with them on a weekly basis, reviewing records related to the child and interviewing adults involved in the child's life. The volunteers advocate for needed services for the child and provide written court reports to the Judge, reporting information gathered, the child's wishes, and making recommendations. Also, the Organization educates the general public as well as those persons, offices, agencies and institutions concerned with service delivery to abused children and their families. The Organization raises funds through government grants and public donations.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are presented on the accrual basis of accounting, which recognizes revenue as gross income when earned and operating expenses as deductions from gross income when incurred. The financial resources are maintained in accordance with the principles of fund accounting.

The *unrestricted operating fund* is utilized to record contributions, fund raising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fund raising efforts of the organization.

The *temporarily restricted fund* is utilized to record resources received by the Organization that are temporarily restricted as to use by the donor or grantor. When the restriction expires, the net assets of this fund are reclassified to unrestricted net assets.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted. When the donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**COURT APPOINTED SPECIAL ADVOCATES
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Grants Receivable

Management has determined that an allowance for doubtful accounts would be immaterial based on the Organization's credit policies, prior collection experience, and the type of agencies associated with the Organization.

Fixed Assets

The Organization follows the practice of capitalizing all expenditures in excess of \$500 for fixed assets at cost; the fair value of donated fixed assets is similarly capitalized. Repairs and maintenance are charged to expense when incurred. Depreciation expense is calculated on the straight-line method over the useful life of the related asset.

Income Tax

The Organization is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1986 and Section 23701(d) of the California Revenue and Taxation Code. In addition, the Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken, and has concluded that as of June 30, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Cash and Cash Equivalents

Cash and cash equivalents includes all liquid investments including money market accounts and certificates of deposits with a maturity of 90 days or less when purchased.

Advertising

Advertising costs are expensed during the period in which they are incurred. Advertising costs as of June 30, 2017 were \$553.

Deferred revenue

Deferred revenue results from the collection of revenue earned in subsequent years.

**COURT APPOINTED SPECIAL ADVOCATES
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair value measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

The Organization is required to measure three types of assets and the related revenues at fair value: pledged contributions, non-cash contributions, and certain investments. The techniques used to measure fair value are described in the notes below that relate to each asset/revenue.

In-kind donations

In-kind donations of fixed assets and supplies used directly by the Organization are valued at their fair values at the time of the gift.

Subsequent Events

Management has evaluated subsequent events through January 9, 2018 which is the date the financial statements were available to be issued.

NOTE 3: CERTIFICATE OF DEPOSIT

A six month certificate held at Heritage Oaks Bank (now Pacific Premier Bank) maturing on October 1, 2017, bearing interest at .20%. The balance as of June 30, 2017 was \$22,480.

NOTE 4: FIXED ASSETS

A summary of fixed assets by major classifications at June 30, 2017, is as follows:

Equipment	\$ 83,822
Furniture and fixtures	<u>34,841</u>
Total fixed assets	118,663
Less: accumulated depreciation	<u>(76,460)</u>
Net fixed assets	\$ <u><u>42,203</u></u>

Depreciation for the year ended June 30, 2017 was \$9,334.

**COURT APPOINTED SPECIAL ADVOCATES
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 4: CONCENTRATIONS

The Organization's four largest grants provided approximately 17% of the Organization's support. The Organization's fundraising events provided approximately 22% of the Organization's support.

The Organization's bank account balances may, from time to time, be in excess of the Federal Deposit Insurance Corporation's limit of \$250,000.

NOTE 5: ACCRUED VACATION

The Organization has accrued a liability for vacation leave earned but not taken by staff employees. This accrual was calculated on actual vacation days earned and applied to the individuals' hourly rate.

NOTE 6: LONG-TERM LEASES

The Organization leases offices under a long-term lease. The Organization's lease is for a period of three years, terminating December 31, 2018, with the option to renew for an additional three year period.

During the year ended June 30, 2017, total rental expense was \$42,000. Future obligations over the primary terms of the Organization's long-term lease as of June 30, 2017, are as follows:

For the year ended:

June 30, 2018	\$ 42,000
June 30, 2019	<u>21,000</u>
Total	<u>\$ 63,000</u>

COURT APPOINTED SPECIAL ADVOCATES

OF SAN LUIS OBISPO COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: IN KIND DONATIONS

The Organization has received significant contributions of non-cash services, facilities, and property which are summarized below. These donations include specialized volunteers for the Child Advocacy program. The fair value of contributed services, facilities, and supplies has been measured on a nonrecurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs). Donated stock has been measured on a nonrecurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

Donated fundraising items	\$	75,900
Donated facilities		4,200
Donated vehicles		23,728
Donated stock		10,715
Donated volunteer hours		<u>405,845</u>
Total recorded as revenue and expense		<u>520,388</u>
Total in-kind contributions	\$	<u>520,388</u>

NOTE 8: SUBSEQUENT EVENT

The Organization entered into an additional office space lease on July 1, 2017. This is an annual lease which expires June 30, 2018. Monthly rent is \$434 subject to cost of living increases annually.