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

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

For the Year Ended
June 30, 2020

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

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

TABLE OF CONTENTS

PAGE

INDEPENDENT AUDITORS' REPORT 2

FINANCIAL STATEMENTS

Statement of Financial Position 3

Statement of Activities 4

Statement of Changes in Net Assets 5

Statement of Functional Expenses 6

Statement of Cash Flows 7

NOTES TO FINANCIAL STATEMENTS 8-14

CINDRICH & COMPANY
AN ACCOUNTANCY CORPORATION

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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, 2020, 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, 2020, 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 & Co.

CINDRICH & COMPANY
An Accountancy Corporation

San Luis Obispo, CA
January 6, 2021

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

STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS	
Current assets:	
Cash and cash equivalents	$ 372,454
Certificates of deposit (Note 3)	51,992
Grants receivable (Note 2)	52,727
Prepaid expenses	12,576
Gift cards	650
Total current assets	490,399
Fixed assets:	
Fixed assets - at cost, less accumulated depreciation of $81,335 (Notes 2 and 4)	32,364
Other assets:	
Deposit	1,500
Total assets	$ 524,263
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 4,438
Accrued wages and payroll taxes payable	17,539
Accrued vacation payable	23,305
Deferred revenue	1,560
Total current liabilities	46,842
Net assets:	
Without donor restrictions	461,044
With donor restrictions	16,377
Total net assets	477,421
Total liabilities and net assets	$ 524,263

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grants	$ 151,472	$ 399,782	$ 551,254
Fundraising - net of $155,490 in direct expenses, of which $103,198 are in kind	173,669		173,669
Contributions	90,510	1,000	91,510
Contributions - in kind volunteers	473,390		473,390
Contributions - in kind	15,043		15,043
Paycheck Protection Program Loan forgiveness (Note 12)	132,923		132,923
Miscellaneous revenue	3,125		3,125
Realized loss on investments	(12)		(12)
Interest income	1,747		1,747
Net assets released from restriction	451,476	(451,476)	-
Total revenue	1,493,343	(50,694)	1,442,649
Expenses:			
Program services	1,166,489		1,166,489
Management and general	172,609		172,609
Fundraising	125,939		125,939
Total expenses	1,465,037	-	1,465,037
Change in net assets	$ 28,306	$ (50,694)	$ (22,388)

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
NET ASSETS - June 30, 2019	$ 432,738	$ 67,071	$ 499,809
Change in net assets	28,306	(50,694)	(22,388)
NET ASSETS - June 30, 2020	$ 461,044	$ 16,377	$ 477,421

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, 2020

	Program Services	Management & General	Fundraising	Totals
Volunteer expenses - in kind	$ 473,390	$ -	$ -	$ 473,390
Salary and wages	486,987	64,077	89,709	640,773
Rent - facility	39,180	5,155	7,217	51,552
Payroll tax expense	37,923	4,990	6,986	49,899
Computer expense	16,988	2,235	3,129	22,352
Insurance	11,603	1,527	2,137	15,267
Employee health insurance	9,904	1,303	1,824	13,031
Development expense	435	57	80	572
Travel	12,994	1,710	2,394	17,098
Depreciation	8,936	1,176	1,646	11,758
Repairs and maintenance	122	16	22	160
Accounting and professional		10,674		10,674
Bookkeeping		33,975		33,975
Consulting		38,000		38,000
Fingerprinting	2,924			2,924
Supplies	9,340	1,229	1,720	12,289
Credit card merchant fees	1,468	193	270	1,931
Telephone and communications	4,603	606	847	6,056
Training	5,717	752	1,053	7,522
Utilities	3,279	432	604	4,315
Advertising expense	14,042	1,848	2,586	18,476
Dues and subscriptions	9,398	1,237	1,731	12,366
Janitorial	2,101	276	387	2,764
Children's fund expense	4,186			4,186
Postage	1,745	230	321	2,296
Printing	1,867	246	343	2,456
Rent - storage	2,121	279	391	2,791
Miscellaneous	254	33	47	334
Payroll processing	2,686	353	495	3,534
Volunteer expenses	2,296			2,296
Total expenses	1,166,489	172,609	125,939	1,465,037
Fundraising event costs reported separately			155,490	155,490
Expenses reported by function	$ 1,166,489	$ 172,609	$ 281,429	$ 1,620,527

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, 2020

Cash flows from operating activities:	
Change in net assets	$ (22,388)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,758
Realized loss on investments	12
In-kind stock donation	(3,776)
Decrease in grants receivable	80,811
Increase in prepaid expenses	(1,494)
Increase in gift cards	(650)
Decrease in accounts payable	(4,361)
Increase in accrued wages and payroll taxes payable	5,557
Increase in accrued vacation payable	1,091
Decrease in deferred revenue	(1,940)
Total adjustments	87,008
Net cash provided by operating activities	64,620
Cash flows from investing activities:	
Proceeds from sale of investments	3,764
Acquisition of fixed assets	(14,444)
Decrease in certificates of deposit	21,312
Net cash provided by investing activities	10,632
Cash flows from financing activities:	
Borrowings on Paycheck Protection Program loan (Note 12)	132,923
Paycheck Protection Program Loan forgiveness expenditures	(132,923)
Net cash provided by financing activities	-
Net increase in cash	75,252
Cash at beginning of year	297,202
Cash at end of year	$ 372,454

Supplemental information:

There was no cash paid for interest for the year ended June 30, 2020.
There was no cash paid for income taxes for the year ended June 30, 2020.

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, 2020

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, and abandoned 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.

Net assets without donor restrictions 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.

Net assets with donor restrictions is utilized to record resources received by the Organization that are restricted as to use by the donor or grantor. When the restriction expires, the net assets of this fund are reclassified to net assets without donor restrictions.

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 net assets with donor restrictions. When the donor-stipulated time restriction ends or a purpose restriction is accomplished, then the donor restricted net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction.

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.

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. Accordingly, no provision for income taxes has been reflected in the Organization's financial statements.

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, 2020 were $18,476.

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. In-kind volunteer hours are valued using the California Independent Sector rate of $29.95 per hour as of June 30, 2020.

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.

Functional Allocation of Expenses

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Costs that are directly allocable to a program are allocated to program costs. Shared operating expenses such as wages, rents, etc. are allocable to program, management and general, and fundraising expenses. These shared costs are allocated to the different functional categories based on historical employee time studies.

Subsequent Events

Management has evaluated subsequent events through January 6, 2021 which is the date the financial statements were available to be issued.

NOTE 3: CERTIFICATES OF DEPOSIT

A summary of certificates of deposit at June 30, 2020 is as follows:

Bank Name	Interest Rate	Maturity Date	Balance
Pacific Premier Bank	.5%	October 1, 2021	$ 23,282
Bank of the Sierra	.4%	June 27, 2021	12,298
Community West Bank	1.04%	December 19, 2021	16,412
Total			$ 51,992

NOTE 4: FIXED ASSETS

A summary of fixed assets by major classifications at June 30, 2020, is as follows:

Equipment	$	78,453
Furniture and fixtures		35,246
Total fixed assets		113,699
Less: accumulated depreciation		(81,335)
Net fixed assets	$	32,364

Depreciation for the year ended June 30, 2020 was $11,758.

NOTE 5: CONCENTRATIONS

The Organization's two largest grants provided approximately 24% of the Organization's support. The Organization's fundraising events provided approximately 13% 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 6: 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 7: 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, 2021, with the option to renew for an additional three year period. Monthly rent is $3,850 at June 30, 2020, of this amount $350 is donated in-kind by the lessor.

NOTE 7: LONG-TERM LEASES - CONTINUED

Future obligations over the primary terms of the Organization's long-term lease as of June 30, 2020, are as follows:

For the year ended:	
June 30, 2021	$ 46,200
June 30, 2022	23,100
Total	$ 69,300

The Organization entered into an additional office space lease on July 1, 2019. This is an annual lease which expires June 30, 2020. Monthly rent is $446 subject to cost of living increases annually. This lease was renewed on July 1, 2020 for an additional twelve months.

During the year ended June 30, 2020, total rental expense was $51,552.

NOTE 8: 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	$ 103,198
Donated facilities	4,200
Donated vehicles	3,779
Donated stock	3,776
Donated services and supplies	3,288
Donated volunteer hours	473,390
Total recorded as revenue and expense	591,631
Total in-kind contributions	$ 591,631

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets totaling $16,377 are restricted by donors. Of this amount $2,500 have donor imposed time and use restrictions. The remaining $13,877 are restricted to program expenditures.

NOTE 10: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Cash and cash equivalents, at year end	$ 372,454
Certificates of deposit, at year end	51,992
Grants receivable, at year end	52,727
Total financial assets, at year end	477,173
Less amounts unavailable for general expenditure due to donor imposed purpose restrictions	16,377
Financial assets available to meet cash needs for general expenditure within one year	$ 460,796

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition cash in excess of daily requirements is invested in certificates of deposit.

NOTE 11: CHANGE IN ACCOUNTING PRINCIPLE

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted on a modified prospective basis during the fiscal year ending June 30, 2020. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2019. Adopting this accounting principle did not result in any material change in the financial statements when compared to the year ended June 30, 2019.

NOTE 12: PAYCHECK PROTECTION PROGRAM

Paycheck Protection Program

An unsecured promissory note with Pacific Premier Bank dated April 13, 2020 in the amount of $132,923, due April 13, 2022. This note bears interest at 1.00%. This note is made in accordance with the Small Business Administration Paycheck Protection Program under the Federal Cares Act and may be eligible for forgiveness of all or a portion of the loan amount, including accrued interest on the forgiven portion. There are no payments due within twelve months and this loan is expected to be forgiven in full.

As of June 30, 2020 this loan has been spent in full on expenditures that qualify for loan forgiveness and is therefore reported as income on the statement of activities.

NOTE 13: COVID-19

In 2020, domestic and international economies face uncertainty related to the impact of the COVID-19 virus. The Organization may be adversely affected due to these economic uncertainties. Management is currently evaluating the impact it will have on future operations.