

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

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

For the Year Ended
June 30, 2021

**COURT APPOINTED SPECIAL ADVOCATES
OF SAN LUIS OBISPO COUNTY, INC.**
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

TABLE OF CONTENTS

	<u>PAGE</u>
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



FITZPATRICK PROFESSIONAL ACCOUNTANCY CORPORATION

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CELEBRATING 25 YEARS OF EXCELLENCE...

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, 2021, 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, 2021, 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.



FITZPATRICK PROFESSIONAL
ACCOUNTANCY CORPORATION

San Luis Obispo, CA
January 11, 2022

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

STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 436,269
Certificates of deposit (Note 3)	79,151
Grants receivable (Note 2)	143,895
Prepaid expenses	10,791
Gift cards	<u>1,305</u>

Total current assets 671,411

Fixed assets:

Fixed assets - at cost, less accumulated depreciation of \$65,762 (Notes 2 and 4)	42,617
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Other assets:

Deposit	<u>1,500</u>
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Total assets \$ 715,528

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 14,917
Accrued wages and payroll taxes payable	16,876
Accrued vacation payable	<u>20,077</u>

Total current liabilities 51,870

Net assets:

Without donor restrictions	655,054
With donor restrictions	<u>8,604</u>

Total net assets 663,658

Total liabilities and net assets \$ 715,528

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

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grants	\$ 163,884	\$ 523,016	\$ 686,900
Fundraising - net of \$49,473 in direct expenses, of which \$25,719 are in kind	127,332		127,332
Contributions	110,818		110,818
Contributions - in kind volunteers	234,704		234,704
Contributions - in kind	8,109		8,109
Paycheck Protection Program Loan forgiveness (Note 12)	134,393		134,393
Miscellaneous revenue	4,800		4,800
Loss on disposal of fixed assets	(9,621)		(9,621)
Interest income	1,633		1,633
Net assets released from restriction	530,789	(530,789)	-
Total revenue	1,306,841	(7,773)	1,299,068
Expenses:			
Program services	889,705		889,705
Management and general	92,318		92,318
Fundraising	130,808		130,808
Total expenses	1,112,831	-	1,112,831
Change in net assets	\$ 194,010	\$ (7,773)	\$ 186,237

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, 2021**

	Without Donor Restrictions	With Donor Restrictions	Totals
NET ASSETS - June 30, 2020	\$ 461,044	\$ 16,377	\$ 477,421
Change in net assets	194,010	(7,773)	186,237
NET ASSETS - June 30, 2021	<u>\$ 655,054</u>	<u>\$ 8,604</u>	<u>\$ 663,658</u>

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, 2021

	Program Services	Management & General	Fundraising	Totals
Volunteer expenses - in kind	\$ 234,704	\$ -	\$ -	\$ 234,704
Salary and wages	463,708	35,670	95,119	594,497
Rent - facility	40,129	3,087	8,231	51,447
Payroll tax expense	36,400	2,800	7,467	46,667
Computer expense	22,000	1,692	4,513	28,205
Insurance	14,081	1,083	2,888	18,052
Employee health insurance	11,754	904	2,411	15,069
Development expense	727	56	149	932
Travel	1,229	95	251	1,575
Depreciation	7,702	592	1,580	9,874
Accounting and professional		13,216		13,216
Bookkeeping		30,050		30,050
Fingerprinting	4,874			4,874
Supplies	5,553	427	1,139	7,119
Credit card merchant fees	1,501	115	308	1,924
Telephone and communications	5,912	455	1,212	7,579
Training	1,314	101	270	1,685
Utilities	2,383	183	489	3,055
Advertising expense	5,733	441	1,176	7,350
Dues and subscriptions	7,172	552	1,471	9,195
Janitorial	2,086	160	428	2,674
Children's fund expense	6,195			6,195
Postage	1,385	107	283	1,775
Printing	1,253	96	258	1,607
Rent - storage	2,368	182	486	3,036
Miscellaneous	286	22	59	367
Payroll processing	3,021	232	620	3,873
Volunteer expenses	6,235			6,235
Total expenses	889,705	92,318	130,808	1,112,831
Fundraising event costs reported separately			49,473	49,473
Expenses reported by function	\$ 889,705	\$ 92,318	\$ 180,281	\$ 1,162,304

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, 2021

Cash flows from operating activities:

Change in net assets	\$ 186,237
<hr/>	
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	9,874
Loss on disposal of fixed assets	9,621
In-kind stock donation	(530)
Increase in grants receivable	(91,168)
Decrease in prepaid expenses	1,785
Increase in gift cards	(655)
Increase in accounts payable	10,479
Decrease in accrued wages and payroll taxes payable	(663)
Decrease in accrued vacation payable	(3,228)
Decrease in deferred revenue	(1,560)
	<hr/>
Total adjustments	(66,045)
	<hr/>
Net cash provided by operating activities	120,192

Cash flows from investing activities:

Proceeds from sale of investments	530
Acquisition of fixed assets	(29,748)
Acquisition of certificates of deposit	(27,159)
	<hr/>
Net cash used by investing activities	(56,377)

Cash flows from financing activities:

Borrowings on Paycheck Protection Program loan (Note 12)	134,393
Paycheck Protection Program Loan forgiveness expenditures	(134,393)
	<hr/>
Net cash provided by financing activities	-

<i>Net increase in cash</i>	63,815
<i>Cash at beginning of year</i>	<hr/>
	372,454
<i>Cash at end of year</i>	<hr/>
	\$ 436,269

Supplemental information:

There was no cash paid for interest for the year ended June 30, 2021.
There was no cash paid for income taxes for the year ended June 30, 2021.

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, 2021

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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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, 2021 were \$7,350.

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 \$31.51 per hour as of June 30, 2021.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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 11, 2022 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, 2021 is as follows:

<u>Bank Name</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance</u>
Pacific Premier Bank	.1%	October 1, 2022	\$ 23,419
Pacific Premier Bank	.05%	January 24, 2022	21,856
Bank of the Sierra	.4%	June 27, 2022	17,365
Community West Bank	.12%	December 19, 2022	<u>16,511</u>
Total			\$ <u>79,151</u>

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

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 4: FIXED ASSETS

A summary of fixed assets by major classifications at June 30, 2021, is as follows:

Equipment	\$ 73,133
Furniture and fixtures	<u>35,246</u>
Total fixed assets	108,379
Less: accumulated depreciation	<u>(65,762)</u>
Net fixed assets	\$ <u>42,617</u>

Depreciation for the year ended June 30, 2021 was \$9,874.

NOTE 5: CONCENTRATIONS

The Organization's two largest grants provided approximately 32% of the Organization's support. The Organization's fundraising events provided approximately 10% 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, 2021, of this amount \$350 is donated in-kind by the lessor.

This lease has been renewed, effective December 1, 2021, with a base rent of \$4,503 per month. The lease term is now set to expire on December 31, 2026.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 7: LONG-TERM LEASES - CONTINUED

Future obligations over the primary terms of the Organization's long-term lease as of June 30, 2021, are as follows:

For the year ended:

June 30, 2022	\$ 50,118
June 30, 2023	54,036
June 30, 2024	54,036
June 30, 2025	54,036
June 30, 2026	54,036
Thereafter	<u>27,018</u>
Total	<u>\$ 293,280</u>

The Organization entered into an additional office space lease on July 1, 2020. This is an annual lease which expires June 30, 2021. Monthly rent is \$437 subject to cost of living increases annually. This lease was renewed on July 1, 2021 for an additional twelve months.

During the year ended June 30, 2021, total rental expense was \$51,447.

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 vehicles and stock are monetized by the Organization. All other in-kind donations are utilized for various functions within the Organization.

Donated fundraising items	\$ 25,719
Donated facilities	4,200
Donated vehicles	3,379
Donated stock	530
Donated volunteer hours	<u>234,704</u>
Total recorded as revenue and expense	<u>268,532</u>
Total in-kind contributions	<u>\$ 268,532</u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS

Net assets totaling \$8,604 are restricted by donors. Of this amount \$2,500 have donor imposed time and use restrictions. The remaining \$6,104 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	\$ 436,269
Certificates of deposit, at year end	79,151
Grants receivable, at year end	<u>143,895</u>
Total financial assets, at year end	659,315
Less amounts unavailable for general expenditure due to donor imposed purpose restrictions	<u>8,604</u>
Financial assets available to meet cash needs for general expenditure within one year	\$ <u>650,711</u>

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: ADOPTION OF NEW ACCOUNTING STANDARD

The Organization adopted ASC Topic 606 on July 1, 2020, using the retrospective method. Due to a lack of contracts with customers, the adoption of ASC Topic 606 had no impact on either the prior year net assets or the current year financial statements.

NOTE 12: PAYCHECK PROTECTION PROGRAM

Paycheck Protection Program

An unsecured promissory note with Pacific Premier Bank dated January 27, 2021 in the amount of \$134,393, due January 27, 2026. 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.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 12: PAYCHECK PROTECTION PROGRAM - CONTINUED

As of June 30, 2021 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

The Coronavirus disease (COVID-19) has affected global markets, supply chains, employees of companies, and our communities. COVID-19 may impact various parts of the Organization's future operations and financial results including potential reduced revenue caused by public health mandates, material supply chain interruption, economic hardships effecting funding for the Organization's programs, and effects on the workforce. Management believes the Organization is taking appropriate actions to mitigate the negative results, however, the full financial impact to the Corporation resulting from COVID-19 cannot be reasonably estimated at this time.

NOTE 14: SUBSEQUENT EVENTS

The Organization plans to spend an estimated \$49,000 on tenant improvements in January 2022.

The Executive Director has retired and as part of the retirement package the Organization will pay a severance of \$130,667, minus standard deductions and withholdings for taxes. The severance is payable in installments on a bimonthly basis, in accordance with the Organization's regular payroll schedule, beginning on January 31, 2022 and ending June 30, 2023.