

**Court Appointed Special Advocates
of Santa Barbara County**

Audited Financial Statements

June 30, 2014

Court Appointed Special Advocates of Santa Barbara County

Table of Contents

	Page
Audited Financial Statements:	
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses for Program and Support Services	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Court Appointed Special Advocates of Santa Barbara County
2601 Skyway Drive, Suite A3
Santa Maria, California 93455

We have audited the accompanying financial statements of Court Appointed Special Advocates of Santa Barbara County (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2014, the related statements of activities, functional expenses, and cash flows for the fiscal 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.

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 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 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 Santa Barbara County as of June 30, 2014, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Moss, Levy & Hartzheim LLP

Santa Maria, California
September 29, 2014

Court Appointed Special Advocates of Santa Barbara County
Statement of Financial Position
June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 580,092	\$ 147,575	\$ 727,667
Accounts receivable	31,068		31,068
Promises to give		73,317	73,317
Prepaid expenses and deposits	16,359	204	16,563
Total current assets	<u>627,519</u>	<u>221,096</u>	<u>848,615</u>
Fixed assets			
Fixed assets, at cost	307,188		307,188
Less: Accumulated depreciation	<u>(165,314)</u>		<u>(165,314)</u>
Net fixed assets	<u>141,874</u>		<u>141,874</u>
Other assets			
Promises to give, long-term portion		58,936	58,936
Total assets	<u>\$ 769,393</u>	<u>\$ 280,032</u>	<u>\$ 1,049,425</u>
Liabilities and net assets			
Current liabilities			
Accounts payable	\$ 16,097	\$ -	\$ 16,097
Payroll liabilities	57,071		57,071
Total current liabilities	<u>73,168</u>		<u>73,168</u>
Net assets			
Unrestricted			
Undesignated	696,225		696,225
Temporarily restricted		280,032	280,032
Total net assets	<u>696,225</u>	<u>280,032</u>	<u>976,257</u>
Total liabilities and net assets	<u>\$ 769,393</u>	<u>\$ 280,032</u>	<u>\$ 1,049,425</u>

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

Court Appointed Special Advocates of Santa Barbara County
Statement of Activities
Fiscal Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support:			
Grants	\$ 522,000	\$ -	\$ 522,000
Government grants	65,160		65,160
Contributions	219,816	11,122	230,938
Promises to give		66,937	66,937
Contributions in-kind	<u>722,805</u>	<u>18,205</u>	<u>741,010</u>
Total support	<u>1,529,781</u>	<u>96,264</u>	<u>1,626,045</u>
Revenues:			
Special events (net of direct costs)	105,415		105,415
Interest	3,692		3,692
Miscellaneous	<u>860</u>		<u>860</u>
Total revenues	<u>109,967</u>		<u>109,967</u>
Total support and revenues	1,639,748	96,264	1,736,012
Reclassifications:			
Temporarily restricted net assets released from restrictions	<u>185,368</u>	<u>(185,368)</u>	
Total support, revenues and reclassifications	<u>1,825,116</u>	<u>(89,104)</u>	<u>1,736,012</u>
Expenses:			
Program services:			
Advocate program	1,380,892		1,380,892
Support services:			
Management and general	100,874		100,874
Fund raising	<u>185,948</u>		<u>185,948</u>
Total expenses	<u>1,667,714</u>		<u>1,667,714</u>
Increase (decrease) in net assets	<u>157,402</u>	<u>(89,104)</u>	<u>68,298</u>
Net assets at beginning of fiscal year	<u>538,823</u>	<u>369,136</u>	<u>907,959</u>
Net assets at end of fiscal year	<u>\$ 696,225</u>	<u>\$ 280,032</u>	<u>\$ 976,257</u>

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

Court Appointed Special Advocates of Santa Barbara County
Statement of Functional Expenses for Program and Support Services
Fiscal Year Ended June 30, 2014

	Program Services	Support Services		Total Expenses
	Advocate Program	Management and General	Fund Raising	
Salaries and wages	\$ 394,837	\$ 55,837	\$ 54,157	\$ 504,831
Payroll taxes	34,204	4,837	4,691	43,732
Employee benefits	40,390	5,712	5,540	51,642
Workers' compensation	2,947	417	404	3,768
Total personnel costs	472,378	66,803	64,792	603,973
Advocate appreciation	15,742			15,742
Audit and accounting	6,378	6,378	6,379	19,135
Bank fees	3,971	744	248	4,963
Contract labor	5,500	2,232	7,785	15,517
Dues and subscriptions	1,194	298		1,492
Education and conferences		4,936		4,936
Equipment rental	1,895	355	118	2,368
Insurance	5,340	1,001	334	6,675
Kid's Fund	24,811			24,811
Licenses, fees, taxes		75		75
Meetings		380		380
Mileage	15,807		3,911	19,718
Miscellaneous		320	4,713	5,033
Office supplies	2,022	379	127	2,528
Payroll service fees	1,798	254	247	2,299
Postage	705	650	1,447	2,802
Printing and reproduction	230	262	10,313	10,805
Public awareness	20,232			20,232
Recognition, board and staff	3,833			3,833
Rent	25,042	4,695	1,565	31,302
Repairs and maintenance	13,159	2,467	823	16,449
Special events direct costs			103,184	103,184
Supplies	8,841		1,648	10,489
Telephone	25,283	2,647	882	28,812
Travel	708			708
Uncollectable receivables			3,373	3,373
Volunteer expenses	41,581			41,581
Subtotal expenses	696,450	94,876	211,889	1,003,215
Contributions in-kind	663,104	1,997	75,909	741,010
Depreciation	21,338	4,001	1,334	26,673
Less special event direct costs			(103,184)	(103,184)
Total expenses	<u>\$ 1,380,892</u>	<u>\$ 100,874</u>	<u>\$ 185,948</u>	<u>\$ 1,667,714</u>
Percent of total expenses	<u>83%</u>	<u>6%</u>	<u>11%</u>	<u>100%</u>

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

Court Appointed Special Advocates of Santa Barbara County
Statement of Cash Flows
Fiscal Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Cash flows from operating activities			
Increase (decrease) in net assets	\$ 157,402	\$ (89,104)	\$ 68,298
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:			
Depreciation	26,673		26,673
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	8,428		8,428
Promises to give		(11,487)	(11,487)
Prepaid expenses and deposits	(5,859)	3,289	(2,570)
Increase (decrease) in:			
Accounts payable	3,235		3,235
Payroll liabilities	13,048		13,048
Net cash provided (used) by operating activities	<u>202,927</u>	<u>(97,302)</u>	<u>105,625</u>
Cash flows from investing activities			
Purchases of fixed assets	<u>(9,431)</u>		<u>(9,431)</u>
Net cash used by investing activities	<u>(9,431)</u>		<u>(9,431)</u>
Net increase (decrease) in cash and equivalents	193,496	(97,302)	96,194
Cash and cash equivalents at beginning of fiscal year	<u>386,596</u>	<u>244,877</u>	<u>631,473</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 580,092</u>	<u>\$ 147,575</u>	<u>\$ 727,667</u>

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

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2014

Note 1 - Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America applicable to voluntary health and welfare organizations and have been consistently applied.

Nature of operations

Court Appointed Special Advocates (CASA) of Santa Barbara County, is a California nonprofit corporation whose mission is to assure a safe, permanent, nurturing home for every abused and/or neglected child by providing a highly-trained volunteer to advocate for them in the court system. CASA serves children in Santa Barbara County, and derives its revenues primarily from grants, contributions, and fund raising.

Description of programs

Advocate program - Works to prevent abused, neglected, and abandoned children from becoming lost in the Juvenile Dependency system, and finds them safe, permanent homes as quickly as possible, by carefully pairing a CASA volunteer advocate with a child to ensure that the child's best interest is served. The advocate spends time with the child, gathers relevant information, assesses the child's needs, writes reports for the juvenile court judge, and attends all court hearings regarding the child until a suitable, nurturing, permanent home is obtained.

Management and General - Includes the functions necessary to maintain the Organization's support program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the office of the executive director; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

Fund raising - Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and businesses.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other accruals.

Basis of presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations, or that expire by the passage of time. CASA currently has contributions temporarily restricted for a specific purpose.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets. CASA does not currently have any permanently restricted net assets.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses

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

Subsequent events

Management has evaluated subsequent events through September 29, 2014, which was the date the financial statements were available to be issued.

Advertising costs

Advertising costs intended to solicit revenue in an exchange transaction are recorded as management and general expenses in the period incurred.

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2014

Note 1 - Significant Accounting Policies (continued)

Tax status

CASA has been determined to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. CASA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). With few exceptions, CASA is no longer subject to U.S. federal and state income tax examinations by tax authorities for fiscal years before July 1, 2011.

Cash

All short-term investments with original maturities of three months or less are considered to be cash equivalents.

Accounts receivable and allowance for doubtful accounts

Receivables are accounted for on the accrual basis and become past due after 30 days. No allowance for uncollectable accounts has been provided, as CASA typically collects all outstanding amounts. Trade receivables are written off if all efforts at collection have failed and management determines that collection is unlikely.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Fixed assets

Purchases of fixed assets costing \$1,000 or more are capitalized. Donated fixed assets valued at \$1,000 or more are capitalized and recorded at fair value at the time of receipt. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts and any resulting gain or loss is recorded in the fiscal year of disposal. Depreciation is calculated utilizing the straight-line method over the estimated useful lives of the assets, that range from five to seven years for furniture and equipment, and 20 years for leasehold improvements.

Donations of property and equipment

Donations of property and equipment (long-lived assets) that do not have donor imposed stipulations about how long the property must be used are recorded as unrestricted contributions in the fiscal year received.

Revenue recognition

Grants and contributions are recognized as revenue when received, or receivables if the amount to be received can be reasonably estimated and collection is reasonably assured, under the accrual method of accounting. All other revenues and expenditures are recorded when earned.

Deferred revenue

Special events receipts are recognized as revenue in the fiscal year they are earned. Amounts collected or billed for future fiscal years are recorded as deferred revenue.

Contributed services

CASA records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills; are provided by persons possessing those skills; and would need to be purchased if they were not donated as required by ASC 958. CASA's volunteer advocates' contributed services meet these recognition requirements and are included in in-kind contributions. See Note 10 for details.

Restricted and unrestricted revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Court Appointed Special Advocates of Santa Barbara County

Notes to the Financial Statements

Fiscal Year Ended June 30, 2014

Note 2 - Cash

Cash and money market funds are held in separate bank and investment accounts. Cash deposits insured by the federal government totaled \$535,666, and uninsured deposits totaled \$199,921, at June 30, 2014. Cash consisted of the following at June 30, 2014:

Montecito Bank & Trust	\$ 440,785
Bank of Santa Barbara	251,594
Community Bank of Santa Maria	34,888
Petty cash	<u>400</u>
Subtotal cash in banks and on hand	727,667
Less temporarily restricted cash	<u>147,575</u>
Total operating cash	<u><u>\$ 580,092</u></u>

Note 3 - Concentrations

Concentrations of accounts receivable are as follows:

	Amount	% of Total
California Judicial Council	\$ 26,193	84%
All other	4,875	16%
Total accounts receivable	<u><u>\$ 31,068</u></u>	<u><u>100%</u></u>

Concentrations of support and revenues are as follows:

Foundation grants	\$ 522,000	30.07%
Government grants	65,160	3.75%
Individuals	230,938	13.30%
Promises to give	66,937	3.86%
Special events	105,415	6.07%
In-kind contributions	741,010	42.68%
Interest	3,692	0.21%
Miscellaneous	860	0.05%
Total support and revenues	<u><u>\$ 1,736,012</u></u>	<u><u>99.99%</u></u>

Note 4 - Promises to Give

Unconditional promises to give consists of multiple year contributions from individuals and one organization at June 30, 2014. Unconditional promises to give are discounted at 3% and are due by 2018, as described below:

	Short-term	Long-term	Discount Long-term	Net Long-term	Total
Contributions	<u><u>\$ 73,317</u></u>	<u><u>\$ 61,333</u></u>	<u><u>\$(2,397)</u></u>	<u><u>\$ 58,936</u></u>	<u><u>\$ 132,253</u></u>

Note 5 - Prepaid Expenses and Deposits

Prepaid expenses and deposits consisted of the following at June 30, 2014:

Prepaid insurance	\$ 10,450
Prepaid dues and postage	2,909
Kids Fund gift cards	204
Deposits	<u>3,000</u>
Total prepaid expenses and deposits	<u><u>\$ 16,563</u></u>

Court Appointed Special Advocates of Santa Barbara County
Notes to the Financial Statements
Fiscal Year Ended June 30, 2014

Note 6 - Fixed Assets

Fixed assets activity for the fiscal year ended June 30, 2014, is detailed in the following schedule.

	Adjusted Beginning Balance	Additions	Disposals	Ending Balance
Leasehold improvements	\$ 160,531	\$ -	\$ -	\$ 160,531
Furniture and fixtures	79,798	8,124		87,922
Computer equipment	57,428	1,307		58,735
Fixed assets at cost	297,757	9,431		307,188
Less: Accumulated depreciation	138,641	26,673		165,314
Net fixed assets	<u>\$ 159,116</u>	<u>\$ (17,242)</u>	<u>\$ -</u>	<u>\$ 141,874</u>

Note 7 - Operating Leases

CASA leases office space, storage space, and office equipment under month-to-month leases, and operating leases that mature in 2016 to 2018. Rent expense for the fiscal year ended June 30, 2014 totaled \$33,670. Future minimum rental payments required for the leases are as follows:

Fiscal year ended June 30,	
2015	\$ 45,502
2016	43,895
2017	39,929
2018	40,419
2019	20,197
Total	<u>\$ 189,942</u>

Note 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets consists of monies received during the fiscal year, and temporarily restricted for a specific purpose or period of time. Activity for temporarily restricted net assets for the fiscal year ended June 30, 2014, is detailed in the following schedule.

Temporarily restricted net assets:	Beginning Balance	Funds Received	Funds Released	Ending Balance
Building improvements	\$ 15,800	\$ -	\$ -	\$ 15,800
Kid's Fund	59,014	29,327	(43,015)	45,326
Friends of CASA	37,856			37,856
Promises to give	156,466	66,937	(92,353)	131,050
Future periods	100,000		(50,000)	50,000
	<u>\$ 369,136</u>	<u>\$ 96,264</u>	<u>\$ (185,368)</u>	<u>\$ 280,032</u>

Court Appointed Special Advocates of Santa Barbara County
Notes to the Financial Statements
Fiscal Year Ended June 30, 2014

Note 9 - Special Events

CASA conducted three special events during the fiscal year as part of its fund raising efforts. Activity for the special events excluding contributions is detailed below.

Special events:	<u>Receipts</u>	<u>Direct Costs</u>	<u>Net Proceeds</u>
CASA by the Sea	\$ 109,686	\$ 46,343	\$ 63,343
CASA at the Vineyard	89,107	45,235	43,872
Directors Dinner	9,806	11,606	(1,800)
Total	<u>\$ 208,599</u>	<u>\$ 103,184</u>	<u>\$ 105,415</u>

In addition to the special events net proceeds of \$105,415, the CASA by the Sea event generated \$40,400, the Vineyard event generated \$26,529, and the Directors Dinner generated \$6,500 in current contributions, and \$60,250 in promises to give future gifts. Special event proceeds plus contributions attributed to the events totaled \$239,094, for the fiscal year ended June 30, 2014. These amounts are recorded as contributions, and promises to give in the accompanying statement of activities. See Note 10 for in-kind contributions for the special events.

Note 10 - Contributions In-kind

During the fiscal year ended June 30, 2014, volunteer court appointed special advocates provided 25,114.7 hours of professional services valued at \$24.75 per hour, according to California Judicial Council's annual valuation. CASA also received office space, advertising, and auction items for special events as in-kind contributions. Contributions in-kind for the fiscal year ended June 30, 2014, are as follows:

Court appointed special advocates services	\$ 621,589
Office and storage space	19,968
Professional services	5,000
Special events auction items	70,911
Program materials and supplies	<u>23,542</u>
Total contributions in-kind	<u>\$ 741,010</u>