

**COURT APPOINTED SPECIAL ADVOCATES
OF SANTA BARBARA COUNTY**

SANTA MARIA, CALIFORNIA

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2018

Prepared by
SIGNE GRIMSTAD
Certified Public Accountant
530 NW 3rd Street
PO Box 1930
Newport, Oregon 97365

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

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**COURT APPOINTED SPECIAL ADVOCATES
OF SANTA BARBARA COUNTY**

SANTA MARIA, CALIFORNIA

BOARD OF DIRECTORS

| | |
|-----------------------|------------------|
| Jim Burge | President |
| Heather Ames | Vice President |
| Patty Santiago | Secretary |
| Martin Lynch | Treasurer |
| Tony Papa | Governance Chair |
| Maggi Daane | Director |
| Jeff Hearn | Director |
| Julie Henley | Director |
| Nancy Iarossi | Director |
| Veronica Sandoval | Director |
| Jack Tiethof | Director |
| Virginia Benson Wigle | Director |
| Deann Zampelli | Director |

STAFF

| | |
|-----------------|----------------------|
| Kim Colby Davis | Executive Director |
| Tim Bigelow | Development Director |
| Aaron Pankratz | Associate Director |

ADDRESS

2601 Skyway Drive, Suite A3
Santa Maria, California 93455

GRIMSTAD & ASSOCIATES
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Newport Office:
P.O. Box 1930
530 N.W. 3rd St. Ste E
Newport, OR 97365
(541) 265-5411
Fax (541) 265-9255
info@grimstad-assoc.com

Lincoln City Office:
1349 N.W. 15th Street
Lincoln City, OR 97367
(541) 994-5252
Fax (541) 994-2105

To the Board of Directors
Court Appointed Special Advocates of Santa Barbara County
Santa Maria, California 93455

I 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, 2018, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

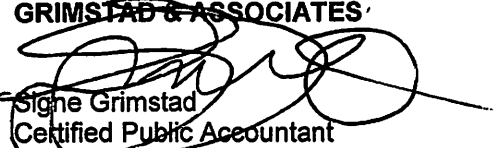
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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, 2018, 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.

GRIMSTAD & ASSOCIATES


Signe Grimstad
Certified Public Accountant
Newport, Oregon
September 16, 2018

Members:
AICPA OSCP & OAIA

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Statement of Financial Position
as of June 30, 2018

| | Unrestricted | Temporarily Restricted | Total |
|-------------------------------------|--------------|---------------------------|--------------|
| Assets | | | |
| Current assets | | | |
| Cash | \$ 305,813 | \$ 66,402 | \$ 372,215 |
| Accounts receivable | 475,488 | - | 475,488 |
| Promises to give | - | 43,500 | 43,500 |
| Prepaid expenses and deposits | 38,612 | 349 | 38,961 |
| Total current assets | 819,913 | 110,251 | 930,164 |
| Fixed assets | | | |
| Fixed assets, at cost | 311,577 | - | 311,577 |
| Less: Accumulated depreciation | (208,217) | - | (208,217) |
| Net fixed assets | 103,360 | - | 103,360 |
| Other assets | | | |
| Investments | 310,234 | - | 310,234 |
| Promises to give, long-term portion | - | 41,289 | 41,289 |
| Total other assets | 310,234 | 41,289 | 351,523 |
| Total assets | \$ 1,233,507 | \$ 151,540 | \$ 1,385,047 |
| Liabilities and net assets | | | |
| Current liabilities | | | |
| Accounts payable | \$ 11,868 | \$ - | \$ 11,868 |
| Payroll liabilities | 74,372 | - | 74,372 |
| Deferred revenue | 353,446 | - | 353,446 |
| Total current liabilities | 439,686 | - | 439,686 |
| Net assets | | | |
| Unrestricted | | | |
| Undesignated | 793,821 | - | 793,821 |
| Temporarily restricted | - | 151,540 | 151,540 |
| Total net assets | 793,821 | 151,540 | 945,361 |
| Total liabilities and net assets | \$ 1,233,507 | \$ 151,540 | \$ 1,385,047 |

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

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Statement of Activities
For the Year Ended June 30, 2018

| | Unrestricted | Temporarily Restricted | Total |
|---|--------------|---------------------------|------------|
| Support: | | | |
| Grants | \$ 459,700 | \$ 2,500 | \$ 462,200 |
| Government grants | 322,301 | - | 322,301 |
| Contributions | 276,989 | 3,840 | 280,829 |
| Promises to give | - | 77,553 | 77,553 |
| Contributions in-kind | 784,576 | 49,958 | 834,534 |
| Total support | 1,843,566 | 133,851 | 1,977,417 |
| Revenues: | | | |
| Special events (net of direct costs) | 75,664 | - | 75,664 |
| Interest | 487 | - | 487 |
| Investment income | 670 | - | 670 |
| Total revenues | 76,821 | - | 76,821 |
| Total support and revenues | 1,920,387 | 133,851 | 2,054,238 |
| Reclassifications: | | | |
| Temporarily restricted net assets released from restrictions | 97,274 | (97,274) | - |
| Total support, revenues and reclassifications | 2,017,661 | 36,577 | 2,054,238 |
| Expenses: | | | |
| Program services: | | | |
| Advocate program | 1,590,004 | - | 1,590,004 |
| Support services: | | | |
| Management and general | 131,027 | - | 131,027 |
| Fundraising | 283,713 | - | 283,713 |
| Total expenses | 2,004,744 | - | 2,004,744 |
| Increase in net assets | 12,917 | 36,577 | 49,494 |
| Net assets at beginning of fiscal year | 858,538 | 114,963 | 973,501 |
| Prior period adjustment | (77,634) | - | (77,634) |
| Net assets at beginning of fiscal year, restated | 780,904 | 114,963 | 895,867 |
| Net assets at end of fiscal year | \$ 793,821 | \$ 151,540 | \$ 945,361 |

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

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Statement of Functional Expenses for Program and Support Services
For the Year Ended June 30, 2018

| | Program | Support Services | | Total |
|---------------------------------|---------------------|-------------------|-------------------|---------------------|
| | Services | Management | Fund- | |
| | Advocate | and General | raising | Expenses |
| | Program | | | |
| Salaries and wages | \$ 490,446 | \$ 71,229 | \$ 104,963 | \$ 666,638 |
| Payroll taxes | 40,298 | 5,853 | 8,624 | 54,775 |
| Employee benefits | 56,373 | 8,188 | 12,064 | 76,625 |
| Retirement plan | 6,358 | 923 | 1,361 | 8,642 |
| Workers' compensation | 1,806 | 262 | 387 | 2,455 |
| Total personnel costs | 595,281 | 86,455 | 127,399 | 809,135 |
| Advocate appreciation | 15,827 | - | - | 15,827 |
| Audit and accounting | 4,337 | 4,338 | 4,337 | 13,012 |
| Bank fees | 2,518 | 472 | 158 | 3,148 |
| Contract labor | 1,050 | 500 | 10,878 | 12,428 |
| Donor cultivation | - | - | 31,118 | 31,118 |
| Dues and subscriptions | 3,445 | 861 | 5,569 | 9,875 |
| Education and conferences | - | 8,723 | - | 8,723 |
| Equipment rental | 2,602 | 488 | 163 | 3,253 |
| Grant administration | - | 9,847 | - | 9,847 |
| Insurance | 7,737 | 1,451 | 484 | 9,672 |
| Kid's Fund | 12,466 | - | - | 12,466 |
| Licenses, fees, taxes | - | 1,180 | - | 1,180 |
| Meetings | - | 587 | - | 587 |
| Mileage | 8,434 | - | 6,997 | 15,431 |
| Miscellaneous | - | 117 | - | 117 |
| Office supplies | 1,861 | 349 | 116 | 2,326 |
| Payroll service fees | 2,165 | 314 | 463 | 2,942 |
| Postage | 433 | 138 | 2,836 | 3,407 |
| Printing and reproduction | 373 | 144 | 15,137 | 15,654 |
| Public awareness | 23,911 | - | - | 23,911 |
| Recognition, board and staff | 3,677 | - | - | 3,677 |
| Rent | 23,177 | 4,346 | 1,449 | 28,972 |
| Maintenance and utilities | 12,987 | 2,435 | 812 | 16,234 |
| Special events direct costs | - | - | 44,661 | 44,661 |
| Supplies | 4,799 | - | 2,131 | 6,930 |
| Telephone | 25,572 | 862 | 287 | 26,721 |
| Travel | 3,359 | - | - | 3,359 |
| Uncollectable accounts | - | - | 17,385 | 17,385 |
| Vehicle | 3,760 | - | - | 3,760 |
| Volunteer expenses | 36,475 | - | - | 36,475 |
| Subtotal expenses | 796,246 | 123,607 | 272,380 | 1,192,233 |
| Contributions in-kind | 771,698 | 3,284 | 54,615 | 829,597 |
| Depreciation | 22,060 | 4,136 | 1,379 | 27,575 |
| Less special event direct costs | - | - | (44,661) | (44,661) |
| Total expenses | \$ 1,590,004 | \$ 131,027 | \$ 283,713 | \$ 2,004,744 |
| Percent of total expenses | 79% | 7% | 14% | 100% |

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

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Statement of Cash Flows
For the Year Ended June 30, 2018

| | Unrestricted | Temporarily Restricted | Total |
|--|--------------|---------------------------|------------|
| Cash flows from operating activities | | | |
| Increase in net assets | \$ 12,917 | \$ 36,577 | \$ 49,494 |
| Adjustment to reconcile increase in net assets to net cash provided (used) by operating activities: | | | |
| Depreciation | 27,575 | - | 27,575 |
| Loss on sale of investments | 124 | - | 124 |
| Unrealized loss on investments | 2,618 | - | 2,618 |
| Amortization of bond discount | 1,457 | - | 1,457 |
| Changes in operating assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Accounts receivable | (27,802) | - | (27,802) |
| Promises to give | - | (42,703) | (42,703) |
| Prepaid expenses and deposits | (23,452) | 544 | (22,908) |
| Increase (decrease) in: | | | |
| Accounts payable | 790 | - | 790 |
| Payroll liabilities | 1,804 | - | 1,804 |
| Deferred revenue | 105,391 | - | 105,391 |
| Net cash provided (used) by operating activities | 101,422 | (5,582) | 95,840 |
| Cash flows from investing activities | | | |
| Purchases of fixed assets | (1,880) | - | (1,880) |
| Investment in the Case for Kids, LLC | 4,488 | - | 4,488 |
| Purchases of investments | (99,470) | - | (99,470) |
| Sales of investments | 89,813 | - | 89,813 |
| Net cash used by investing activities | (7,049) | - | (7,049) |
| Net increase (decrease) in cash and equivalents | 94,373 | (5,582) | 88,791 |
| Cash and cash equivalents at beginning of fiscal year | 211,440 | 71,984 | 283,424 |
| Cash and cash equivalents at end of fiscal year | \$ 305,813 | \$ 66,402 | \$ 372,215 |
| Schedule of noncash transactions: | | | |
| Donated stock | \$ 4,937 | | |

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

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Notes to the Financial Statements
For the Year Ended June 30, 2018

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.

Fundraising - 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 16, 2018, which was the date the financial statements were available to be issued.

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Notes to the Financial Statements
For the Year Ended June 30, 2018

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, 2014.

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 fixed assets

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.

Investments

Investments consist of bank certificates of deposit and U.S. Treasury securities with readily determinable fair values, presented at fair value in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

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 12 for details.

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 1 - Significant Accounting Policies (continued)

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.

Advertising costs

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

Fair value measurements

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that CASA has the ability to access.

Level 2. Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets.

Quoted prices for identical or similar assets or liabilities in inactive markets.

Inputs other than quoted prices that are observable for the asset or liability.

Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. However, level 1 inputs are not available for some of the assets that the organization is required to measure at fair value (for example, in-kind contributions).

The primary uses of fair value measures in CASA's financial statements are as follows:

Initial measurement of in-kind contributions.

Recurring measurement of investments in U.S. Treasury securities, and certificates of deposit.

Note 2 - Cash

Cash and money market funds are held in separate bank and investment accounts. Cash deposits not insured by the federal government totaled \$7,343 at June 30, 2018. Cash balances including items that have not cleared the bank accounts at June 30, 2018 consisted of the following:

| | |
|------------------------------------|------------|
| Montecito Bank & Trust | \$ 294,193 |
| American Riviera Bank | 59,202 |
| Community Bank of Santa Maria | 18,433 |
| Petty cash | 387 |
| Subtotal cash in banks and on hand | 372,215 |
| Less temporarily restricted cash | 66,402 |
| Total operating cash | \$ 305,813 |

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 3 - Concentrations

Concentrations of accounts receivable are as follows:

| | Amount | % of Total |
|--|------------|------------|
| California Governor's Office of Emergency Services | \$ 409,124 | 86% |
| California Judicial Council | 32,017 | 7% |
| All other | 34,347 | 7% |
| Total accounts receivable | \$ 475,488 | 100% |

Concentrations of support and revenues are as follows:

| | | |
|--|--------------|---------|
| Grants | \$ 462,200 | 22.50% |
| California Governor's Office of Emergency Services | 228,342 | 11.12% |
| Government grants, other | 93,959 | 4.57% |
| Contributions | 280,829 | 13.67% |
| Promises to give | 77,553 | 3.78% |
| Special events | 75,664 | 3.68% |
| In-kind contributions | 834,534 | 40.62% |
| Other | 1,157 | 0.06% |
| Total support and revenues | \$ 2,054,238 | 100.00% |

Note 4 - Promises to Give

Unconditional promises to give consists of multiple year contributions from individuals at June 30, 2018. Unconditional promises to give are discounted at 3% and are due by 2022, as described below:

| | Short-term | Long-term | Discount Long-term | Net Long-term | Total |
|---------------|------------|-----------|-----------------------|------------------|-----------|
| Contributions | \$ 43,500 | \$ 44,500 | \$ (3,211) | \$ 41,289 | \$ 84,789 |

Note 5 - Prepaid Expenses and Deposits

Prepaid expenses and deposits consisted of the following at June 30, 2018:

| | |
|-------------------------------------|-----------|
| | Amount |
| Prepaid insurance | \$ 8,643 |
| Prepaid rent, dues and postage | 22,111 |
| Kids Fund gift cards | 349 |
| Prepaid advertising | 4,858 |
| Deposits | 3,000 |
| Total prepaid expenses and deposits | \$ 38,961 |

Note 6 - Fixed Assets

Fixed assets activity for the fiscal year ended June 30, 2018, is detailed in the following schedule.

| | Beginning Balance | Additions | Disposals | Ending Balance |
|--------------------------------|----------------------|-------------|-----------|-------------------|
| Leasehold improvements | \$ 163,281 | \$ - | \$ - | \$ 163,281 |
| Furniture and fixtures | 91,847 | - | (13,887) | 77,960 |
| Computer equipment | 18,692 | 1,880 | (1,005) | 19,567 |
| Website and software | 17,101 | - | - | 17,101 |
| Vehicle | 33,668 | - | - | 33,668 |
| Fixed assets at cost | 324,589 | 1,880 | (14,892) | 311,577 |
| Less: Accumulated depreciation | 195,534 | 27,575 | (14,892) | 208,217 |
| Net fixed assets | \$ 129,055 | \$ (25,695) | \$ - | \$ 103,360 |

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 7 - Investments

The cost basis of investments, and cumulative gains and losses at June 30, 2018, is as follows:

| | Cost | Fair Value |
|---------------------------------------|-------------------|-------------------|
| Investments in marketable securities: | | |
| Money market funds | \$ 44,778 | \$ 44,778 |
| Certificates of deposit | 170,000 | 166,067 |
| U.S. Treasury obligations | 99,100 | 98,536 |
| Accrued interest | 853 | 853 |
| Total investments | <u>314,731</u> | <u>\$ 310,234</u> |
| Cumulative unrealized losses | <u>(4,497)</u> | |
| Investments at fair value | <u>\$ 310,234</u> | |

Investment income for the fiscal year ended June 30, 2018, consisted of the following:

| | Amount |
|------------------------|----------------|
| Interest and dividends | \$ 3,562 |
| Investment fees | (150) |
| Realized loss | (124) |
| Unrealized loss | <u>(2,618)</u> |
| Net investment income | <u>\$ 670</u> |

Note 8 - Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018.

Exchange-traded certificates of deposit: Determined by the closing bid price on the last business day of the fiscal year if actively traded, and include accrued interest.

U.S. Department of Treasury obligations: Determined by the closing bid price on the last business day of the fiscal year if actively traded.

The following table sets forth, by level within the fair value hierarchy, CASA's assets at fair value at June 30, 2018.

| | Total | Quoted Prices in Active Markets for Identical Assets Level 1 | Significant other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 |
|---------------------------------------|-------------------|---|--|--|
| Investments in marketable securities: | | | | |
| Money market funds | \$ 44,778 | \$ 44,778 | \$ - | \$ - |
| Certificates of deposit | 166,067 | 166,067 | - | - |
| U.S. Treasury securities | 98,536 | 98,536 | - | - |
| Accrued interest | 853 | 853 | - | - |
| Total assets stated at fair value | <u>\$ 310,234</u> | <u>\$ 310,234</u> | <u>\$ -</u> | <u>\$ -</u> |

There were no significant transfers between the levels during the year, although some investments moved into Level 2 when the market for them became less active. CASA's policy is to recognize transfers in and out of levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 9 - Operating Leases

CASA leases office space, storage space, and office equipment under month-to-month leases, and operating leases that mature in 2018 to 2021. Rent expense for the fiscal year ended June 30, 2018 totaled \$32,225. Future minimum rental payments required for the leases are as follows:

| Fiscal year ending June 30, | Amount |
|-----------------------------|-----------|
| 2019 | \$ 18,721 |
| 2020 | 979 |
| 2021 | 571 |
| Total | \$ 20,271 |

Note 10 - 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, 2018, 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 | 19,221 | 56,298 | (62,424) | 13,095 |
| Friends of CASA | 37,856 | - | - | 37,856 |
| Promises to give | 42,086 | 77,553 | (34,850) | 84,789 |
| | \$ 114,963 | \$ 133,851 | \$ (97,274) | \$ 151,540 |

Note 11 - Special Events

CASA conducted two 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: | Receipts | Direct Costs | Net Proceeds |
|----------------------|------------|-----------------|-----------------|
| CASA at the Vineyard | \$ 118,020 | \$ 44,532 | \$ 73,488 |
| Online auctions | 2,305 | 129 | 2,176 |
| Total | \$ 120,325 | \$ 44,661 | \$ 75,664 |

The above special events generated contributions, promises to give, and in-kind contributions, that are recorded in separate line items on the accompanying statement of activities. See Note 12 for in-kind contributions for the special events. The following schedule consists of the above special events detail plus contributions, promises to give, and in-kind contributions attributed to each event, to provide more information about special events. This schedule is for the purpose of additional analysis only.

| Special events: | Contributions & Receipts | Direct Costs | Net Proceeds |
|----------------------|-----------------------------|-----------------|-----------------|
| CASA at the Vineyard | \$ 215,763 | \$ 96,950 | \$ 118,813 |
| Directors Dinner | 122,040 | 16,997 | 105,043 |
| Online auctions | 2,305 | 129 | 2,176 |
| Total | \$ 340,108 | \$ 114,076 | \$ 226,032 |

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 12 - Contributions In-kind

During the fiscal year ended June 30, 2018, volunteer court appointed special advocates provided 24,647.4 hours of professional services valued at \$27.59 per hour for the first two months, and \$28.46 for the last ten months of the fiscal year, 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, 2018, are as follows:

| | Amount |
|---|------------|
| Court appointed special advocates services | \$ 693,825 |
| Office and storage space | 32,842 |
| Kid's Fund toys, clothing, quilts, tickets, books | 49,957 |
| Special events wine, and auction items | 52,418 |
| 35 shares of Johnson & Johnson common stock | 4,937 |
| Other fundraising materials and supplies | 555 |
| Total contributions in-kind revenue | 834,534 |
| Less; donated stock recorded as an asset | (4,937) |
| Total contributions in-kind expense | \$ 829,597 |

Note 13 - Concentrations of Risk

Amounts held in financial institutions may at times be in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits during the year. CASA deposits its cash with high quality financial institutions and management believes CASA is not exposed to significant credit risk on those amounts.

The majority of CASA's contributions and grants are received from individuals, foundations, and businesses located in the greater Santa Barbara metropolitan area and from two agency of the State of California. As such, CASA's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the County of Santa Barbara. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for CASA's services.

CASA's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to CASA's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes (see Notes 7 and 8) should mitigate the impact of changes in any one class.

Note 14 - Related Party Transactions

One board director is a 50% shareholder of a company that owns 63% of the limited liability company that provides telephone and internet services to CASA. The amount paid to this company during the fiscal year totaled \$22,482. CASA received \$600 from this company as special event sponsorships and contributions.

CASA established a separate company during the fiscal year ended June 30, 2017, to raise funds for CASA. The company was named The Case for Kids, LLC, and it's initial fundraising efforts involved a contract with Margerum Wine Company. The Case for Kids, LLC was to receive 10% of the retail sales of wine club memberships and 2% of any sales referred to Margerum. The Case for Kids, LLC did not conduct any business during the fiscal year ended June 30, 2018. The LLC was discontinued in 2018 and initial start up costs totaling \$4,488 were expensed as donor cultivation in the statement of functional expenses. CASA was the single member of The Case for Kids, LLC, accordingly the LLC was considered a disregarded entity for federal income tax purposes, meaning the LLC's activities were reported on a consolidated basis in CASA's financial statements.

**COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
SANTA MARIA, CALIFORNIA**

Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 15 - Retirement Plan

In September 2017, CASA added a 3% employer matching provision to its 403(b) plan. All employees are eligible to participate in the plan from their hire dates. For each participating employee, CASA will match the employee's 403(b) contribution up to 3% of their annual salary. Employees are 100% vested in the employer match amount immediately from their first contribution to the 403(b) plan. The employer matching requirement began on September 1, 2017 and is calculated each pay period. The employer 403(b) retirement plan expense for the year ended June 30, 2018 totaled \$8,642.

Note 16 - Prior Period Adjustment

An error was corrected in the prior period financial statements resulting from including \$77,634 for CASA's matching portion of the federal VOCA grant through California OES. Government grant revenue was stated at \$214,462 rather than \$136,828, an overstatement of revenue of \$77,634. The adjustment only affected unrestricted net assets as follows:

| | Net Assets | | |
|--|--------------|---------------------------|------------|
| | Unrestricted | Temporarily Restricted | Total |
| Net assets beginning balance | \$ 858,538 | \$ 114,963 | \$ 973,501 |
| Less: prior period revenue overstatement | (77,634) | - | (77,634) |
| Net assets beginning balance, restated | \$ 780,904 | \$ 114,963 | \$ 895,867 |