

CHILD ADVOCATES OF PLACER COUNTY

FINANCIAL STATEMENTS

JUNE 30, 2011

**CHILD ADVOCATES OF PLACER COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2011**

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**INDEPENDENT AUDITOR'S REPORT ON
THE FINANCIAL STATEMENTS**

To the Board of Directors
Child Advocates of Placer County
Auburn, California

We have audited the accompanying statement of financial position of Child Advocates of Placer County (a nonprofit corporation) as of June 30, 2011 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Child Advocates of Placer County's management. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of Child Advocates of Placer County as of June 30, 2011, 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.

In accordance with Government Auditing Standards, we have also issued a report, dated January 16, 2012 on our consideration of Child Advocates of Placer County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



Jensen Smith
Certified Public Accountants
Lincoln, CA 95648
January 16, 2012

CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 69,539
Accounts Receivable	80,462
Prepaid Expenses	5,612
Security Deposit	<u>1,500</u>

Total Current Assets \$ 157,113

Fixed Assets

Office Furniture Equipment	24,659
Less: Accumulated Depreciation	<u>(13,827)</u>

Total Net Fixed Assets 10,832

TOTAL ASSETS \$ 167,945

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 2,083
Accrued Vacation	12,969
Payroll Liabilities	<u>11,441</u>

Total Liabilities \$ 26,493

Net Assets

Total Unrestricted Net Assets 141,452

TOTAL LIABILITIES AND NET ASSETS \$ 167,945

See Accompanying Notes

**CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

REVENUES AND OTHER SUPPORT

Government Grants	\$ 147,441
Non-Governmental Grants	68,360
Foundation Grants	36,000
Donations	130,784
Fundraising	64,378
Miscellaneous	<u>555</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>447,518</u>

EXPENSES

Program	355,306
Administrative	58,416
Fundraising	<u>26,485</u>
TOTAL EXPENSES	<u>440,207</u>

Change in Net Assets	7,311
Net Assets at July 1, 2010	<u>134,141</u>

NET ASSETS AT JUNE 30, 2011 **\$ 141,452**

See Accompanying Notes

**CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services	Administrative Expenses	Fundraising Expenses	Total Expenses
Background Check Fees	\$ 1,715	\$ -	\$ -	\$ 1,715
Bank Service Charges	236	42	-	278
Board of Directors Meetings	-	299	-	299
Business Meetings	-	786	-	786
Community Outreach	1,500	-	-	1,500
Computer Expenses	342	60	-	402
Computer Software	4,168	-	-	4,168
Dues & Subscriptions	545	-	-	545
Employee Benefits	18,900	3,335	-	22,235
Equipment Repairs	524	92	-	616
Event Expenses	-	-	8,781	8,781
Insurance	2,226	393	-	2,619
Marketing Supplies	5,312	-	-	5,312
Office Supplies	3,247	574	-	3,821
Office Equipment	491	-	-	491
Payroll Taxes	19,417	3,426	-	22,843
Postage & Delivery	1,091	-	192	1,283
Printing & Reproduction	3,769	-	-	3,769
Professional Fees	17,813	3,143	-	20,956
Rent Expense	16,471	2,907	-	19,378
Salaries & Wages	238,927	42,163	17,512	298,602
Telephone	2,223	-	-	2,223
Training & Staff Development	4,097	-	-	4,097
Travel & Entertainment	5,512	-	-	5,512
Utilities	3,198	564	-	3,762
TOTAL BEFORE DEPRECIATION	351,724	57,784	26,485	435,993
Depreciation	3,582	632	-	4,214
TOTAL EXPENSES	\$ 355,306	\$ 58,416	\$ 26,485	\$ 440,207

See Accompanying Notes

**CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

Cash Flows From Operating Activities

Change in Net Assets	\$ 7,311
Adjustments to Reconcile Change in Net Assets to Net Cash	
Depreciation	4,214
(Increase) Decrease in Operating Assets	
Accounts Receivable	(29,232)
Prepaid Expenses	(2,392)
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(751)
Accrued Vacation	8,021
Payroll Liabilities	(15,055)
Net Cash Used by Operating Activities	(27,884)

Cash Flows From Investing Activities

Purchase of Fixed Assets	(820)
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Net Decrease in Cash	(28,704)
Beginning Cash at July 1, 2010	98,243
Ending Cash at June 30, 2011	\$ 69,539

See Accompanying Notes

CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: NATURE OF THE ORGANIZATION

Child Advocates of Placer County was incorporated in December of 2003 for the purpose of providing advocates in court, and to find safe, permanent living alternatives for the children of Placer County who have been removed from their homes due to abuse, neglect, or violence. The ultimate goal of the Organization is to help the children in the program to find safe and permanent homes, whether by returning to their families, or through adoption, or guardianship.

The majority of the funding for this Organization comes from individual donations, government and foundation grants and contracts with the Judicial Council and Superior Courts.

The major program of Child Advocates of Placer County is the Court Appointed Special Advocates (CASA) program. Extensive training and program support is provided to all volunteer advocates so that they may serve as the critical link between the child, superior court and foster parents. These trained volunteers advocate for the child's best interest in the courtroom for: educational plans for success; appropriate medical and dental care; a safe, permanent home; understand and communicate with the child on what is happening in court and moving forward; and provide a consistent adult in the child's life.

Child Advocates of Placer County is a not-for-profit corporation exempt from federal and California state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. It is classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contribution deduction for individual donors. It did not have unrelated business income during fiscal year 2010-2011.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The financial statements of the Organization are prepared on the accrual basis of accounting. Revenue is recognized when earned and expenditures are recognized when incurred, rather than when cash is received or disbursed.

Classes of Net Assets

The Organization follows the recommendations of the Financial Accounting Standards Board (FASB). FASB establishes standards for financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally-imposed restrictions. A description of the three net asset categories is as follows:

- a) *Unrestricted net assets* have no donor-imposed restrictions.
- b) *Temporarily restricted net assets* have donor-imposed restrictions that are satisfied either by the passage of time or expenditures that meet the donor-specified purpose.

CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Statement Presentation - continued

- c) *Permanently restricted net assets* have donor-imposed restrictions which do not expire.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed), except for those restrictions met in the same year as received, are reported as revenues of the unrestricted net asset class.

Equipment

The Organization capitalizes all asset purchased or donated with a value over \$500. Purchased fixed assets are capitalized at historical cost. Donated fixed assets are capitalized and recorded as contributions at their estimated fair market value. Such donations are recorded as unrestricted unless the donor has restricted the donated asset to a specific purpose. Maintenance and repairs are expensed when incurred, while betterments are capitalized and depreciated. Depreciation is recognized using the straight-line method over the useful lives of the assets.

Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents are considered to be highly liquid depository accounts purchased with an original maturity of three months or less.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. Actual results could differ from those estimates.

NOTE 3: CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, nor does the Organization believe it is exposed to any significant credit risk on cash deposits.

CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4: FIXED ASSETS

Fixed assets and changes in fixed assets are summarized as follows:

	June 30, 2010	Additions	Disposals	2011
Office Furniture and Equipment	\$ 23,839	\$ 820	\$ -	\$ 24,659
Less Accumulated Depreciation	<u>(9,613)</u>	<u>(4,214)</u>	<u>-</u>	<u>(13,827)</u>
Total Fixed Assets	<u>\$ 14,226</u>	<u>\$ (3,394)</u>	<u>\$ -</u>	<u>\$ 10,832</u>

Depreciation expense for the fiscal year ended June 30, 2011 was \$4,214.

NOTE 5: CONTRIBUTIONS AND IN-KIND SERVICES

The Organization reports gifts of cash and other assets as restricted support if they are pledged or received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is when a stipulated time ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

During the year ended June 30, 2011, volunteer hours were provided for program, administration and fund-raising services but were not recognized as contributions in the financials statements as they did not meet the criteria of FASB statement on *Revenue Recognition for Not-for-Profit Entities*.

A number of volunteers have made significant contributions of their time to the Advocate program. As described above, this time is not recognized in the Statement of Activities, but is used to match income from the Judicial Council of California. The value of this time was approximately \$325,868 calculated using the Independent Sector's California rate for the year 2009 of \$23.42 per hour as required by the Judicial Council grant contract.

NOTE 6: FUNCTIONAL EXPENSES

The costs of providing the programs and other activities have been summarized in the accompanying Statement of Activities. The Statement of Functional Expenses presents expenses by functional classification. Direct expenses to the programs, administration, or fundraising are classified accordingly. Personnel costs are allocated to the functions based on management's perception of time spent, and job descriptions.

CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7: LEASES

At June 30, 2011, the organization had the following lease obligation for office space and related utilities:

<u>Description</u>	<u>FY 11-12</u>	<u>FY 12-13</u>
Auburn office	\$ 19,660	\$ 3,300

Rental expense, less related utilities, for the year ended June 30, 2011 was \$19,378.

NOTE 8: CONCENTRATIONS OF REVENUES

The Organization had a single donor that contributed \$100,000 to the program in fiscal year 2010-2011. This donation accounts for approximately 21% of the Organization's total revenues and support.

NOTE 9: SUBSEQUENT EVENTS

Events subsequent to June 30, 2011 have been evaluated through January 16, 2012, the date at which the Organization's audited financial statements were available to be issued. No events requiring disclosure have occurred through this date.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Directors
Child Advocates of Placer County
Auburn, California 95603

We have audited the financial statements of Child Advocates of Placer County as of and for the year ended June 30, 2011 and have issued our report thereon dated January 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Child Advocates of Placer County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described below as 11-01 to be a material weakness.

11-01 Lack of Segregation of Duties
(partially corrected from previous year)

Condition: The Executive Director has substantial control over the disbursements process. The internal controls of the organization require all checks issued in excess of \$3,000 to be signed by two signers. Our test of disbursements found four of the five transactions meeting the dollar threshold were only signed by the Executive Director.

Criteria: Internal controls are only effective when consistently applied.

Cause: Unknown

Effect: Fraudulent or erroneous expenses could be both approved and paid without detection.

Recommendation: We recommend that the policy to have two signers sign all checks over \$3,000 be consistently applied.

Response: For fiscal year 2011-2012, all checks issued in excess of \$3,000 will require two signers, of which one will be the board chair. The second signer will also review supporting documentation to ensure that the expense is appropriate. In addition, each month our Treasurer will review bank statements, check registers, and financial statements to ensure accuracy.

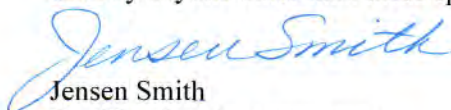
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Child Advocates of Placer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted a certain matter that we reported to the management of Child Advocates of Placer County in a separate letter dated January 16, 2012.

Child Advocates of Placer County's response to the finding identified in our audit is described above. We did not audit Child Advocates of Placer County's response, and accordingly, we express no opinion on it.

This report is intended for the information of the Board of Directors, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Jensen Smith
Certified Public Accountants
Lincoln, California 95648
January 16, 2012