

CHILD ADVOCATES OF PLACER COUNTY

**FINANCIAL STATEMENTS
JUNE 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Child Advocates of Placer County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and 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

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 from 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, 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 Child Advocates of Placer County as of June 30, 2016, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2016, on our consideration of Child Advocates of Placer County's internal control over financial reporting and on 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* in considering Child Advocates of Placer County's internal control over financial reporting and compliance.



Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California
October 21, 2016

CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Current Assets

Cash	\$ 263,613	
Accounts Receivable	42,552	
Prepaid Expenses	11,309	
Total Current Assets		\$ 317,474

Fixed Assets

Office Furniture and Equipment	37,398	
Less: Accumulated Depreciation	(31,599)	
Total Net Fixed Assets		5,799

Non-Current Assets

Placer Community Foundation Endowment	25,176	
Total Non-Current Assets		25,176

TOTAL ASSETS		<u><u>\$ 348,449</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 9,210	
Deferred Income	2,500	
Accrued Vacation	17,707	
Total Liabilities		\$ 29,417

Net Assets

Unrestricted	297,329	
Temporarily Restricted	21,703	
Total Net Assets		319,032

TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 348,449</u></u>
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See Accompanying Notes

**CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Government Grants	\$ 249,534	\$ -	\$ 249,534
Non-Governmental Grants	12,783	25,000	37,783
Foundation Grants	179,000	-	179,000
Donations	76,010	-	76,010
Fundraising	114,925	-	114,925
Miscellaneous	3,583	-	3,583
Net Assets Released from Restriction	12,582	(12,582)	-
TOTAL REVENUES AND OTHER SUPPORT	648,417	12,418	660,835
EXPENSES			
Program	501,371	-	501,371
Administrative	32,246	-	32,246
Fundraising	76,503	-	76,503
TOTAL EXPENSES	610,120	-	610,120
Change in Net Assets	38,297	12,418	50,715
Net Assets at July 1, 2015	259,032	9,285	268,317
NET ASSETS AT JUNE 30, 2016	\$ 297,329	\$ 21,703	\$ 319,032

See Accompanying Notes

**CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016**

	Program Services	Administrative Expenses	Fundraising Expenses	Total Expenses
EXPENSES				
Personnel Costs	\$ 383,244	\$ 20,602	\$ 42,169	\$ 446,015
Community Outreach	17,290	-	-	17,290
Computer Expenses	2,423	428	-	2,851
Computer Software	925	-	-	925
Event Expenses	-	-	33,963	33,963
Insurance	4,862	858	-	5,720
Foster Youth Extracurricular Activities	18,583	-	-	18,583
Miscellaneous	1,350	844	371	2,565
Office Supplies	3,043	537	-	3,580
Professional Fees	11,178	1,972	-	13,150
Rent Expense	30,995	5,470	-	36,465
Training & Staff Development	10,255	-	-	10,255
Travel & Meals	8,526	-	-	8,526
Utilities	6,293	1,111	-	7,404
TOTAL BEFORE DEPRECIATION	<u>498,967</u>	<u>31,822</u>	<u>76,503</u>	<u>607,292</u>
Depreciation	2,404	424	-	2,828
TOTAL EXPENSES	<u><u>\$ 501,371</u></u>	<u><u>\$ 32,246</u></u>	<u><u>\$ 76,503</u></u>	<u><u>\$ 610,120</u></u>

See Accompanying Notes

**CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

Cash Flows From Operating Activities	
Change in Net Assets	\$ 50,715
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	2,828
(Increase) Decrease in Operating Assets	
Accounts Receivable	(7,778)
Prepaid Expenses	(2,970)
Increase (Decrease) in Operating Liabilities	
Accounts Payable and Accrued Expenses	5,179
Deferred Income	2,500
Accrued Vacation	2,545
Net Cash Provided by Operating Activities	<u>53,019</u>
 Cash Flows From Investing Activities	
Cash Deposited to Endowment Account	(25,000)
Reinvested Income in Endowment Account	(176)
Net Cash Used by Investing Activities	<u>(25,176)</u>
Net Increase in Cash	27,843
Cash at July 1, 2015	<u>235,770</u>
Cash at June 30, 2016	<u><u>\$ 263,613</u></u>

See Accompanying Notes

CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 Organization's mission is to provide foster children with Court Appointed Special Advocates (CASAs) and at risk youth with dedicated mentors, creating a bridge between the most vulnerable in our community and caring volunteers who want to help. 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 funding 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. The Organization did not have unrelated business income during fiscal year ended June 30, 2016.

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, 2016

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Classes of Net Assets - 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.

Cash

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

Office Furniture and Equipment

The Organization capitalizes all assets 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, which ranges from 5-10 years.

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, 2016

NOTE 4: FIXED ASSETS

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

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2016</u>
Office Furniture and Equipment	\$ 37,398	\$ -	\$ -	\$ 37,398
Less Accumulated Depreciation	<u>(28,771)</u>	<u>(2,828)</u>	<u>-</u>	<u>(31,599)</u>
Total Fixed Assets	<u>\$ 8,627</u>	<u>\$ (2,828)</u>	<u>\$ -</u>	<u>\$ 5,799</u>

Depreciation expense for the fiscal year ended June 30, 2016 was \$2,828.

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, 2016, volunteer hours were provided for program, administration and fund-raising services but were not recognized as contributions in the financial 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 \$388,310 calculated using the Independent Sector's California rate for the year 2013 of \$26.34 per hour as required by the Judicial Council grant contract. In addition to the Advocate program the organization receives significant hours for their other programs, administration and for fundraising. These hours totaled 8,255 and would be the equivalent of \$217,437 at the Independent Sector's California rate for the year 2013 of \$26.34 per hour.

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

The Organization received a restricted contribution from the Ticket to Dream Foundation for the purpose of funding extra-curricular activities for foster and former foster youth. At June 30, 2016, the Organization had \$21,703 remaining that had not been expended for this purpose.

NOTE 7: 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, 2016

NOTE 8: LEASES

At June 30, 2016, the Organization had a lease for office space dated December 16, 2014 which commenced on February 1, 2015. The term of the lease is sixty-two (62) months and ends March 31, 2020. The monthly lease payment includes utilities. Future minimum payments are for the next five years are as follows:

<u>For the year ended June 30</u>	<u>Amount</u>
2017	\$ 37,359
2018	\$ 38,484
2019	\$ 39,621
2020	<u>\$ 30,330</u>
TOTAL	<u>\$145,794</u>

Rental expense, less related utilities, for the year ended June 30, 2016 was \$36,465.

NOTE 9: CONCENTRATIONS OF REVENUES

The Organization had a single donor that contributed \$100,000 to the program in year ended June 30, 2016. This donation accounts for approximately 15% of the Organization's total revenue and support. Management recognizes this and does not feel it is a significant risk to the Organization as a going concern.

NOTE 10: RELATED PARTY TRANSACTIONS

The Organization has engaged a Certified Public Accounting firm to do bookkeeping. The Board Treasurer is also employed by the same Certified Public Accounting firm. The fees for the accounting firm for the year ended June 30, 2016 were \$7,800.

NOTE 11: TAX POSITIONS

The Organization has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2016.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Entity believes it is no longer subject to income tax examinations for years prior to June 30, 2013.

**CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 12: SUBSEQUENT EVENTS

Events subsequent to June 30, 2016 have been evaluated through October 21, 2016, 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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**INDEPENDENT AUDITOR'S 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

We have audited, in accordance with the 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, the financial statements of Child Advocates of Placer County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Child Advocates of Placer County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Child Advocates of Placer County's internal control. Accordingly, we do not express an opinion on the effectiveness of Child Advocates of Placer County's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Child Advocates of Placer County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Jensen Smith
Certified Public Accountants, Inc.
Lincoln, California
October 21, 2016