

CHILD ADVOCATES OF PLACER COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2019

**CHILD ADVOCATES OF PLACER COUNTY
FINANCIAL STATEMENTS
JUNE 30, 2019**

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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, 2019, 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, 2019, 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 January 27, 2020 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 solely 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 the effectiveness of Child Advocates of Placer County's 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
January 27, 2020

CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 391,464	
Investments	151,449	
Accounts Receivable	46,432	
Prepaid Expenses	<u>8,477</u>	
Total Current Assets		\$ 597,822
Fixed Assets		
Office Furniture and Equipment	22,847	
Less: Accumulated Depreciation	<u>(21,070)</u>	
Total Net Fixed Assets		1,777
Non-Current Assets		
Placer Community Foundation Endowment	<u>37,284</u>	
Total Non-Current Assets		<u>37,284</u>
TOTAL ASSETS		<u><u>\$ 636,883</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 13,564	
Deferred Income	6,000	
Accrued Vacation	<u>17,048</u>	
Total Liabilities		\$ 36,612
Net Assets		
Without Donor Restrictions	559,382	
With Donor Restrictions	<u>40,889</u>	
Total Net Assets		<u>600,271</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 636,883</u></u>

See Accompanying Notes

**CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Government Grants	\$ -	\$ 355,055	\$ 355,055
Non-Governmental Grants	5,373	5,900	11,273
Foundation Grants	-	236,500	236,500
Donations	68,278	8,656	76,934
Fundraising	221,897	500	222,397
Miscellaneous	3,983	412	4,395
Net Assets Released from Restriction	603,006	(603,006)	-
TOTAL REVENUES AND OTHER SUPPORT	902,537	4,017	906,554
EXPENSES			
Program Services	626,158	-	626,158
Support Services:			
Administrative	39,881	-	39,881
Fundraising	129,043	-	129,043
TOTAL EXPENSES	795,082	-	795,082
Change in Net Assets	107,455	4,017	111,472
Net Assets at July 1, 2018	451,927	36,872	488,799
NET ASSETS AT JUNE 30, 2019	\$ 559,382	\$ 40,889	\$ 600,271

See Accompanying Notes

**CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program Services	Support Services		Total Expenses
		Administrative Expenses	Fundraising Expenses	
EXPENSES				
Personnel Costs	\$ 467,677	\$ 27,510	\$ 55,021	\$ 550,208
Community Outreach	20,722	-	-	20,722
Computer Expenses	3,672	648	-	4,320
Computer Software	6,060	-	-	6,060
Event Expenses	-	-	74,022	74,022
Foster Youth Extracurricular Activities	7,445	-	-	7,445
Insurance	3,839	678	-	4,517
Miscellaneous	890	1,078	-	1,968
Office Supplies	1,433	253	-	1,686
Office Equipment	883	-	-	883
Postage & Delivery	969	171	-	1,140
Professional Fees	10,200	1,800	-	12,000
Rent Expense	34,342	6,060	-	40,402
Training & Staff Development	34,471	-	-	34,471
Travel & Meals	24,016	-	-	24,016
Utilities	7,088	1,251	-	8,339
TOTAL BEFORE DEPRECIATION	623,707	39,449	129,043	792,199
Depreciation	2,451	432	-	2,883
TOTAL EXPENSES	\$ 626,158	\$ 39,881	\$ 129,043	\$ 795,082

See Accompanying Notes

**CHILD ADVOCATES OF PLACER COUNTY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

Cash Flows From Operating Activities	
Change in Net Assets	\$ 111,472
Adjustments to Reconcile Change in Cash, Cash Equivalents and Restricted Cash to Net Cash Provided by Operating Activities:	
Depreciation	2,883
Reinvested Income in Endowment Account	(1,562)
Reinvested Interest on Investments	(1,449)
(Increase) Decrease in Operating Assets	
Accounts Receivable	64,189
Prepaid Expenses	(1,665)
Increase (Decrease) in Operating Liabilities	
Accounts Payable and Accrued Expenses	(12,672)
Deferred Income	(500)
Accrued Vacation	5,087
Net Cash Provided by Operating Activities	<u>165,783</u>
 Cash Flows From Investing Activities	
Cash Invested	<u>(150,000)</u>
Net Cash Used by Investing Activities	<u>(150,000)</u>
 Net Change in Cash, Cash Equivalents and Restricted Cash	
Cash, Cash Equivalents and Restricted Cash at July 1, 2018	<u>375,681</u>
 Cash, Cash Equivalents and Restricted Cash at June 30, 2019	 <u><u>\$ 391,464</u></u>

See Accompanying Notes

CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019.

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 two net asset categories according to externally-imposed restrictions. A description of the two net asset categories is as follows:

CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- a) *Net Assets Without Donor Restrictions* have no donor-imposed restrictions.
- b) *Net Assets With Donor Restrictions* have donor-imposed restrictions that are satisfied either by the passage of time or expenditures that meet the donor-specified purpose; or those contributed with donor stipulation that they be held in perpetuity with the use of income for unrestricted or restricted purposes. This also includes amounts contributed by the organization as an endowment and held in contract by an outside organization as permanently restricted.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed), are reported as revenues of the net assets with donor restrictions class and then moved to without donor restrictions as funds released from restrictions.

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. For the fiscal year 2019-20 and thereafter, the organization has approved an increase in the capitalization policy to \$2,500.

Deferred Income

Deferred income represents an advance of \$6,000 from private donors for a fundraising event that took place in July 2019.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those amounts.

CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

NOTE 4: FAIR VALUE MEASUREMENTS OF INVESTMENTS

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Investments – The fair market value of a certificate of deposit is cash value at any given point in time.

Fair values of assets measured at June 30, 2019 consisted of the following:

<i>Description</i>	Total	Fair Value Measurements Using: Other Observable Inputs (Level 2)
Investments:		
American River CD #1	75,688	75,688
American River CD #2	75,761	75,761
Total Cash & Investments	\$151,449	\$151,449

At June 30, 2019, there were no Level 1 or Level 3 financial instruments.

NOTE 5: FIXED ASSETS

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

	June 30, 2018	Additions	Disposals	June 30, 2019
Office Furniture and Equipment	\$ 22,847	\$ -	\$ -	\$ 22,847
Less Accumulated Depreciation	(18,187)	(2,883)	-	(21,070)
Total Fixed Assets	\$ 4,660	\$ (2,883)	\$ -	\$ 1,777

Depreciation expense for the fiscal year ended June 30, 2019 was \$2,883.

NOTE 6: 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, with donor restrictions net assets are reclassified as without donor restrictions and reported in the statement of activities as net assets released from restrictions.

CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6: CONTRIBUTIONS AND IN-KIND SERVICES - continued

During the year ended June 30, 2019, 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*.

Volunteers for the organization donate significant hours towards various Child Advocates programs, and assist with administration and fundraising. These hours totaled 15,676 and would be the equivalent of \$456,015 at the Independent Sector's California rate for the year 2017 of \$29.09 per hour.

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of two income activities:

1. 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, 2019, the Organization had \$3,605 remaining that had not been expended for this purpose.
2. An endowment investment held by the Placer Community Foundation (PCF). The original principal of \$25,000 was contributed by the Organization and is held in perpetuity by the PCF. Donors can make contributions directly to this fund through the PCF. Income is disbursed at the discretion of the PCF annually. The endowment is carried at fair market value on the Statement of Financial Position. At June 30, 2019 there was \$2,912 available for distribution and the fair market value was \$37,284.

At June 30, 2019 the fair market value and investment activity of the endowment investment were as follows:

Balance at June 30, 2018	\$ 35,722
Investment earnings/(losses)	2,100
Administrative fees	<u>(538)</u>
Balance at June 30, 2019	<u>\$ 37,284</u>

NOTE 8: FUNCTIONAL EXPENSES

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the following basis:

- Personnel expenses are allocated on the basis of time and effort.
- Building and occupancy costs are allocated on the basis of square footage
- Depreciation is allocated based on usage of assets.

CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9: LEASES

At June 30, 2019, 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 for the next fiscal year are as follows:

For the year ended June 30	Amount
2020	<u>\$ 30,915*</u>
TOTAL	<u>\$ 30,915</u>

*Note: This amount is for the remaining nine months on the lease ending in fiscal year 2019-20.

Rental expense, less related utilities, for the year ended June 30, 2019 was \$40,402.

NOTE 10: CONCENTRATIONS OF REVENUES

The Organization had a single donor that contributed \$100,000 to the program in the year ended June 30, 2019. This donation accounts for approximately 11.5% 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 11 – LIQUIDITY

The Organization relies primarily on grants and contracts as well as public support to provide cash flow for operations. Working capital varies during the year based on the timing of irregular receipt of grants and contracts, fundraising events, and other factors with a concentration of cash received.

The Organization's financial assets available within one year from June 30, 2019 for expenditures are:

Cash and cash equivalents	\$ 542,913
Grants Receivable	<u>46,432</u>
Total	<u><u>\$ 589,345</u></u>

NOTE 12: RELATED PARTY TRANSACTIONS

The Organization engaged a Certified Public Accounting firm to do bookkeeping. The Board Treasurer was also employed by the same Certified Public Accounting firm. The fees for the accounting firm for the year ended June 30, 2019 were \$8,600.

CHILD ADVOCATES OF PLACER COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13: 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 effect 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, 2019.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to June 30, 2016.

NOTE 14: SUBSEQUENT EVENTS

Events subsequent to June 30, 2019 have been evaluated through January 27, 2020, 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, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2020.

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
January 27, 2020