
COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

FINANCIAL STATEMENTS

June 30, 2020

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Court Appointed Special Advocates Program, Inc.
Concord, California

Report on the Financial Statements

We have audited the accompanying financial statements of Court Appointed Special Advocates Program, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Court Appointed Special Advocates Program, Inc. as of June 30, 2020, 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.

Croby & Lameda CPAs LLP

Oakland, California

November 30, 2020

COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

**Statement of Financial Position
June 30, 2020**

Assets

Cash and cash equivalents	\$ 818,356
Accounts receivable	94,360
Prepaid expenses	4,405
Property and equipment, net (Note 3)	25,486
Deposits and other assets	<u>5,770</u>
Total Assets	<u><u>\$ 948,377</u></u>

Liabilities and Net Assets

Liabilities	
Accounts payable and accrued expenses	\$ 34,362
Accrued vacation	37,780
Paycheck Protection Program loan (Note 4)	<u>112,400</u>
Total Liabilities	<u>184,542</u>
Net Assets	
Without donor restrictions (Note 7)	650,179
With donor restrictions (Note 8)	<u>113,656</u>
Total Net Assets	<u>763,835</u>
Total Liabilities and Net Assets	<u><u>\$ 948,377</u></u>

See Notes to the Financial Statements

COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

**Statement of Activities
For the Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Foundation	\$ 193,274	\$ 191,526	\$ 384,800
Individual and community	151,609		151,609
Cy pres award	120,249		120,249
Special events, net (Note 9)	218,132		218,132
Total Support	683,264	191,526	874,790
Revenue			
Government contracts	246,496		246,496
Interest and other	1,288		1,288
Total Revenue	247,784	-	247,784
Support provided by expiring time and purpose restrictions	220,112	(220,112)	-
Total Support and Revenue	1,151,160	(28,586)	1,122,574
Expenses			
Program	917,584		917,584
Management and general	76,864		76,864
Fundraising	100,352		100,352
Total Expenses	1,094,800	-	1,094,800
Change in Net Assets	56,360	(28,586)	27,774
Net Assets, beginning of year	593,819	142,242	736,061
Net Assets, end of year	\$ 650,179	\$ 113,656	\$ 763,835

See Notes to the Financial Statements

COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

**Statement of Cash Flows
For the Year Ended June 30, 2020**

Cash flows from operating activities:	
Change in net assets	\$ 27,774
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:	
Depreciation	7,027
Change in assets and liabilities:	
Accounts receivable	31,855
Prepaid expenses	14,922
Accounts payable and accrued expenses	32,865
Accrued vacation	24,387
Deferred revenue	(10,000)
Net cash provided (used) by operating activities	<u>128,830</u>
Cash flows from investing activities:	
Purchases of fixed assets	<u>(21,119)</u>
Net cash provided (used) by investing activities	<u>(21,119)</u>
Cash flows from financing activities:	
Proceeds from Paycheck Protection Program loan	<u>112,400</u>
Net cash provided (used) by financing activities	<u>112,400</u>
Net change in cash and cash equivalents	220,111
Cash and cash equivalents, beginning of year	<u>598,245</u>
Cash and cash equivalents, end of year	<u><u>\$ 818,356</u></u>

COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

Statement of Functional Expenses For the Year Ended June 30, 2020

	Program	Management and General	Fundraising	Total
Salaries	\$ 583,539	\$ 25,650	\$ 32,063	\$ 641,252
Retirement contributions	11,883	522	653	13,058
Employee benefits	25,849	1,136	1,421	28,406
Payroll taxes	43,319	1,904	2,380	47,603
Total Personnel	<u>664,590</u>	<u>29,212</u>	<u>36,517</u>	<u>730,319</u>
Accounting	-	37,528	-	37,528
Professional fees	3,640	-	6,863	10,503
Marketing and donor development	898	-	7,456	8,354
Supplies and office expenses	37,537	749	4,746	43,032
Information technology	3,489	-	105	3,594
Occupancy	57,762	1,820	23	59,605
Travel and meals	269	34	111	414
Dues, subscriptions, and licenses	2,975	129	2,489	5,593
Depreciation	-	7,027	-	7,027
Insurance	11,771	365	-	12,136
Staff support	5,924	-	-	5,924
Event expenses	-	-	42,042	42,042
Volunteer recruitment	91,871	-	-	91,871
Volunteer training and support	14,944	-	-	14,944
Other expenses	21,914	-	-	21,914
Total Expenses	<u>\$ 917,584</u>	<u>\$ 76,864</u>	<u>\$ 100,352</u>	<u>\$ 1,094,800</u>
Expenses reported on a net basis on the Statement of Activities				
Event donor benefit expenses	-	-	47,235	47,235
Total Expenses	<u>\$ 917,584</u>	<u>\$ 76,864</u>	<u>\$ 147,587</u>	<u>\$ 1,142,035</u>

See Notes to the Financial Statements

COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

Notes to the Financial Statements For the Year Ended June 30, 2020

NOTE 1: NATURE OF ACTIVITIES

Court Appointed Special Advocates Program, Inc. (CASA or the Organization) is a non-profit corporation incorporated under the laws of California. CASA's purpose is to provide a loving and caring consistency for children who are involved in a confusing Social Services system; to enhance the time a child spends in the system by monitoring case plans; to help the Courts make timely, sound, heartfelt decisions; and carry forth the urgency that the child's life is passing and this should not and cannot be forgotten.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

Notes to the Financial Statements For the Year Ended June 30, 2020

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2020 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services meeting these criteria for the year ended June 30, 2020. The Organization work is supported by a substantial number of volunteers and their efforts are more fully described in Note 10.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

Notes to the Financial Statements For the Year Ended June 30, 2020

Level 2 - Inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the assets or liability.

The Organization did not have any assets or liabilities valued on a recurring basis using fair value measurements as of June 30, 2020.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	3 – 10 years
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Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on timesheets prepared by all employees every pay period that are signed by the employee and approved by the employee's supervisor. Certain operations staff may allocate time to a shared cost pool which is then allocated on a pro-rata basis to the major functional expense categories.

Occupancy and depreciation are allocated based on the programs and supporting activities occupying the space.

Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of staff allocations for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities.

COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020:

Leasehold improvements	\$ 21,119
Computer equipment and software	45,631
Less accumulated depreciation	<u>(41,264)</u>
Total	<u>\$ 25,486</u>

NOTE 4: PAYCHECK PROTECTION PROGRAM LOAN

The Organization received a \$112,400 paycheck protection program (PPP) loan bearing interest of 1% and maturing April, 2022 which it accounts for under FASB 470 including interest accrual. Based on the guidance in FASB ASC 405-20-40-1, the proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Organization has been “legally released” or (2) the Organization pays off the loan. As the Organization expects to be eligible for forgiveness of all of this loan, the Organization expects all principle amounts will be repaid within one year.

NOTE 5: COMMITMENTS

The Organization leases office space with various terms through July 31, 2026. Future minimum lease payments were as follows for the years ended June 30:

2021	\$ 60,787
2022	62,518
2023	64,249
2024	65,980
2025	67,711
Thereafter	<u>75,241</u>
Total	<u>\$ 396,486</u>

The Organization paid rent of \$56,005 for the fiscal year ended June 30, 2020.

NOTE 6: CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization’s management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 7: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions were available as follows as of June 30, 2020:

Designated - Growth campaign	\$ 331,841
Undesignated	<u>318,338</u>
Total	<u>\$ 650,179</u>

COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of June 30, 2020:

Increased capacity	\$ 50,000
Mental health and other	13,656
Franko fund	<u>50,000</u>
Total	<u>\$ 113,656</u>

NOTE 9: SPECIAL EVENTS

The Organization held a special fundraising event during the year. Activity related to the events was as follows during the year ended June 30, 2020:

Admission and sales	\$ 34,823
Donations and sponsorships	162,853
Auction proceeds - donated items	67,691
Less: Costs of direct donor benefit	<u>(47,235)</u>
Total	<u>\$ 218,132</u>

NOTE 10: VOLUNTEER EFFORT

In addition to the financial activities reflected on the financial statements the Organization's work is supported by the substantial efforts of approximately 230 volunteers who donated 22,401 hours of service as court appointed special advocates or in certain other roles. Volunteers have a wide variety of professional and personal backgrounds such as teachers, attorneys, retirees, parents and business people. Such services are generally provided directly to the children served by the volunteers as a result of court appointment.

The Organization estimates the value of such volunteer services, if valued at a \$29.95 per hour rate would be \$670,910 for the year ended June 30, 2020.

NOTE 11: CONDITIONAL PROMISES TO GIVE

In addition to the activity reflected on the Organization's statement of activities, the Organization received certain conditional promises to give as of June 30, 2020:

<u>Grant</u>	<u>Condition</u>	<u>Amount</u>
Grant I	Program performance	\$ 36,000
Grant II	Program performance and expenditure	\$ 100,000

The Organization recognizes such promises to give as support once the related conditions are satisfied.

NOTE 12: CONCENTRATIONS AND RISKS

Support and Revenue

Approximately 34% of the Organization total support and revenue came from four donors during the year ended June 30, 2020.

COURT APPOINTED SPECIAL ADVOCATES PROGRAM, INC.

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

Geographic Concentration

The Organization conducts operations in Concord, California. Participants and volunteers in the Organization's programs are largely located in the surrounding area. The Organization may be subject to a concentration risk related to changes in local economic or physical conditions such as fires, earthquakes or local health emergencies.

NOTE 13: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 are:

Cash and cash equivalents	\$ 818,356
Accounts receivable	94,360
Less net assets with donor restriction – specific purpose	
Increased capacity	(50,000)
Mental health and other	(13,656)
Franko fund	(50,000)
Less board designated funds	<u>(331,841)</u>
Total	<u>\$ 467,219</u>

As part of the Organization's liquidity management plan, the Organization may invest cash in excess of immediate requirements in certificates of deposit or other interest bearing accounts. While board designated funds are intended to be held for longer term use, the board may redesignate such funds in the event of need.

NOTE 14: ACCOUNTING STANDARDS UPDATES

The Center adopted *ASU 2018-08 - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 updated the evaluation of contributions for conditionality, the classification of revenue between contract revenue and support, removes the exception for remote conditions as a barrier to recognition and makes certain other changes with respect to the accounting of contributions received and made.

NOTE 15: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of November 30, 2020, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

Public Health Order - Coronavirus

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic which affected activities of the Organization. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce and expects to be able to conduct all necessary business remotely and via video conference.