



**FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

CASA EL DORADO

June 30, 2017 and 2016

CASA EL DORADO

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**The Board of Directors
CASA El Dorado**

We have audited the accompanying financial statements of CASA El Dorado (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years 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 the 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 audits. We conducted our audits 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 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, 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 CASA El Dorado as of June 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Sacramento, California
January 16, 2018

CASA EL DORADO

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

| | 2017 | 2016 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 61,916 | \$ 206,903 |
| Receivables | | |
| Grants | 72,201 | 27,317 |
| Contributions | 10,000 | - |
| Investments - Note C | 317,592 | 229,890 |
| Prepaid expenses and deposits | 9,568 | 11,342 |
| Furniture and equipment, less accumulated depreciation of \$2,775 in 2017 and \$5,231 in 2016 | 2,839 | 3,549 |
| TOTAL ASSETS | \$ 474,116 | \$ 479,001 |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable and accrued expenses | \$ 21,803 | \$ 17,335 |
| TOTAL LIABILITIES | 21,803 | 17,335 |
| COMMITMENTS AND CONTINGENCIES - Note E | - | - |
| NET ASSETS - Note F | | |
| Unrestricted | | |
| Undesignated | 119,897 | 157,820 |
| Board Designated | 320,958 | 283,870 |
| Total unrestricted net assets | 440,855 | 441,690 |
| Temporarily restricted net assets | 11,458 | 19,976 |
| TOTAL NET ASSETS | 452,313 | 461,666 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 474,116 | \$ 479,001 |

See accompanying notes to the financial statements.

CASA EL DORADO

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2017 and 2016

| | June 30, 2017 | | | June 30, 2016 | | |
|--|---------------|------------------------|------------|---------------|------------------------|------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| PUBLIC SUPPORT AND REVENUE | | | | | | |
| Grants and contributions | \$ 284,145 | \$ 1,400 | \$ 285,545 | \$ 302,522 | \$ 19,418 | \$ 321,940 |
| Governmental contracts | 181,084 | - | 181,084 | 63,027 | - | 63,027 |
| Special events, less direct costs of \$54,865 in 2017 and \$41,081 in 2016 | 145,269 | - | 145,269 | 150,425 | - | 150,425 |
| In-kind contributions - Note D | 54,900 | - | 54,900 | 44,250 | - | 44,250 |
| Investment income - Note C | 37,075 | - | 37,075 | (10,797) | - | (10,797) |
| Rental income | - | - | - | 7,700 | - | 7,700 |
| <i>Net assets released from restrictions:</i> | 9,918 | (9,918) | - | 9,750 | (9,750) | - |
| TOTAL PUBLIC SUPPORT AND REVENUE | 712,391 | (8,518) | 703,873 | 566,877 | 9,668 | 576,545 |
| EXPENSES | | | | | | |
| Programs | 576,675 | - | 576,675 | 449,714 | - | 449,714 |
| General and administrative | 59,176 | - | 59,176 | 45,132 | - | 45,132 |
| Fundraising | 77,375 | - | 77,375 | 62,439 | - | 62,439 |
| TOTAL EXPENSES | 713,226 | - | 713,226 | 557,285 | - | 557,285 |
| CHANGE IN NET ASSETS | (835) | (8,518) | (9,353) | 9,592 | 9,668 | 19,260 |
| NET ASSETS AT BEGINNING OF YEAR | 441,690 | 19,976 | 461,666 | 432,098 | 10,308 | 442,406 |
| NET ASSETS AT END OF YEAR | \$ 440,855 | \$ 11,458 | \$ 452,313 | \$ 441,690 | \$ 19,976 | \$ 461,666 |

See accompanying notes to the financial statements.

CASA EL DORADO

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2016

| | June 30, 2017 | | | June 30, 2016 | | |
|---------------------------|-------------------|-----------------------|--------------------|-------------------|-----------------------|--------------------|
| | General and | | | General and | | |
| | <u>Programs</u> | <u>Administrative</u> | <u>Fundraising</u> | <u>Programs</u> | <u>Administrative</u> | <u>Fundraising</u> |
| | | | | | | |
| | | | <u>Total</u> | | | <u>Total</u> |
| Salaries | \$ 320,181 | \$ 40,050 | \$ 406,807 | \$ 235,532 | \$ 29,462 | \$ 34,262 |
| Payroll taxes | 28,135 | 3,561 | 35,613 | 21,025 | 2,661 | 2,927 |
| Employee benefits | 30,610 | 3,875 | 38,748 | 17,657 | 2,235 | 2,459 |
| | | | | | | |
| TOTAL SALARIES AND | | | | | | |
| RELATED EXPENSES | 378,926 | 47,486 | 481,168 | 274,214 | 34,358 | 39,648 |
| | | | | | | |
| Advocacy | 64,320 | - | 64,320 | 54,770 | - | - |
| Office expense | 41,409 | 4,556 | 51,731 | 32,789 | 4,150 | 4,566 |
| Occupancy | 26,806 | 3,393 | 33,932 | 24,388 | 3,087 | 3,396 |
| Legal and professional | 19,492 | - | 19,492 | 25,395 | - | - |
| Postage and printing | 6,979 | 872 | 14,540 | 8,792 | 1,099 | 8,426 |
| Training and recognition | 8,611 | 522 | 13,048 | 9,740 | 590 | 4,428 |
| Advertising and promotion | 8,447 | 1,069 | 10,693 | 6,361 | 805 | 886 |
| Telephone | 7,572 | 958 | 9,584 | 6,402 | 810 | 891 |
| Insurance | 8,323 | - | 8,323 | 2,631 | - | - |
| Travel | 5,115 | 285 | 5,685 | 3,557 | 198 | 198 |
| Depreciation | 675 | 35 | 710 | 675 | 35 | - |
| | | | | | | |
| TOTAL EXPENSES | \$ 576,675 | \$ 59,176 | \$ 713,226 | \$ 449,714 | \$ 45,132 | \$ 62,439 |
| | | | | | | |
| | | | | | | \$ 557,285 |

See accompanying notes to the financial statements.

CASA EL DORADO

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|-------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (9,353) | \$ 19,260 |
| <i>Adjustments to reconcile change in net assets to</i> | | |
| <i>net cash (used in) provided by operating activities:</i> | | |
| Depreciation | 710 | 710 |
| Unrealized (gain) loss on investments | (32,618) | 16,411 |
| <i>Changes in operating assets and liabilities:</i> | | |
| Accounts receivable | (54,884) | 14,842 |
| Prepaid expenses and deposits | 1,774 | (3,905) |
| Accounts payable and accrued expenses | 4,468 | 3,738 |
| | <u>(80,550)</u> | <u>31,796</u> |
| NET CASH (USED IN) PROVIDED BY | | |
| OPERATING ACTIVITIES | (89,903) | 51,056 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of investments | <u>(55,084)</u> | <u>(30,609)</u> |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(55,084)</u> | <u>(30,609)</u> |
| NET (DECREASE) INCREASE IN | | |
| CASH AND CASH EQUIVALENTS | (144,987) | 20,447 |
| CASH AND CASH EQUIVALENTS AT | | |
| BEGINNING OF YEAR | <u>206,903</u> | <u>186,456</u> |
| CASH AND CASH EQUIVALENTS AT | | |
| END OF YEAR | \$ <u><u>61,916</u></u> | \$ <u><u>206,903</u></u> |

SUPPLEMENTARY INFORMATION:

During the year ended June 30, 2017, \$3,166 of fully depreciated assets were disposed.

See accompanying notes to the financial statements.

CASA EL DORADO

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE A - ORGANIZATION

CASA El Dorado (Court Appointed Special Advocates or “CASA”), founded in 1992, is a nonprofit corporation established for the purpose of recruiting, screening, training and supervising volunteers to represent the non-legal interest of children under the jurisdiction of the County of El Dorado. CASA encourages the increased community interest on the needs of these children to the general public as well as those persons, offices, agencies and institutions who provide services to abused, abandoned or neglected children and their families. Revenue sources include grants from county courts, contributions from the general public and various fundraising activities.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements are presented in conformity with professional standards applicable to not-for-profit entities. CASA reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2017 and 2016, CASA’s net assets consist of unrestricted and temporarily restricted net assets.

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows, CASA considers all short-term, highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Receivables: Receivables consist of expenditures under grants for which reimbursement has been requested but not yet received and contributions owed to CASA. Management considers grants and contributions receivable to be fully collectible; therefore no allowance for doubtful accounts is deemed necessary. If amounts become uncollectible, they will be charged to operations when that determination is made.

Furniture and Equipment: CASA capitalizes purchases of furniture and equipment in excess of \$3,000. Furniture and equipment are stated at cost or, if donated, at the approximate fair value as of the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 7 years.

Contributions: CASA records contributions as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services and Facilities: Donated services and facilities are recognized as public support and as a corresponding expense at the estimated fair value on the date donated. Donated services and facilities are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with these skills, and would otherwise be purchased by CASA.

CASA EL DORADO

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE B - SIGNIFICANT ACCOUNTING POLICIES – continued

Functional Allocation of Expenses: Expenses that can be identified with a specific program or supporting service are charged directly to the related program or service. Expenses associated with more than one program or supporting service are allocated to functional categories using allocation methods appropriate to the nature of the expense.

Fair Value: CASA applies fair value accounting to all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or what would be paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 uses unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities

Level 2 uses inputs other than quoted prices in active markets that are observable either directly or indirectly.

Level 3 uses unobservable information with little or no market data.

Income Taxes: CASA El Dorado is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code for revenue generated from its exempt purpose activities.

Uncertainty in Income Taxes: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires CASA to report information regarding its exposure to various tax positions taken. CASA has determined whether any tax positions have met the recognition threshold and have measured the exposure to those tax positions. Management believes that CASA has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to CASA are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASA EL DORADO

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE C - INVESTMENTS

Investments are stated at fair value based on quoted prices in active markets and are comprised of the following at June 30:

| | <u>2017</u> | | | <u>2016</u> | | |
|--------------------------------------|-------------------|-----------------------------|-------------------------------|-------------------|-----------------------------|-------------------------------|
| | <u>Cost</u> | <u>Fair Value (Level 1)</u> | <u>Unrealized Gain (Loss)</u> | <u>Cost</u> | <u>Fair Value (Level 1)</u> | <u>Unrealized Gain (Loss)</u> |
| Exchange traded and closed-end funds | \$ 87,253 | \$ 151,814 | \$ 64,561 | \$ 106,129 | \$ 126,388 | \$ 20,259 |
| Mutual funds | 102,980 | 111,724 | 8,744 | 107,179 | 103,502 | (3,677) |
| Certificate of deposit | <u>54,054</u> | <u>54,054</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | \$ <u>244,287</u> | \$ <u>317,592</u> | \$ <u>73,305</u> | \$ <u>213,308</u> | \$ <u>229,890</u> | \$ <u>16,582</u> |

Investment income consists of the following for the years ended June 30:

| | <u>2017</u> | <u>2016</u> |
|---------------------------|------------------|--------------------|
| Interest and dividends | \$ 8,515 | \$ 10,578 |
| Unrealized gains (losses) | 32,618 | (16,411) |
| Realized loss | (985) | (2,332) |
| Advisory fees | <u>(3,073)</u> | <u>(2,632)</u> |
| | \$ <u>37,075</u> | \$ <u>(10,797)</u> |

Mutual funds are selected to maximize risk-adjusted appreciation through diversification across multiple asset classes, including both active and indexed security selection. Asset classes include domestic stocks, international stocks, bonds, and other classes.

NOTE D - IN-KIND CONTRIBUTIONS

CASA's contract with the Judicial Council of California requires a matching contribution of volunteer hours equal to 100% of the contract amount. The contract provides an hourly rate to be used in calculating the match amount. CASA recognized \$54,900 and \$44,250 in volunteer hours pursuant to this contract in its financial statements for the years ended June 30, 2017 and 2016, respectively.

NOTE E - COMMITMENTS AND CONTINGENCIES

Office Leases: CASA leases its office facility under the terms of a noncancelable operating lease that expires on June 30, 2018. A portion of the leased space was subleased to an unaffiliated organization under an amended lease which expired on June 30, 2016 and was not renewed. During the year ending June 30, 2016, rental income under the sublease was \$7,700.

CASA EL DORADO

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE E - COMMITMENTS AND CONTINGENCIES - continued

Rent expense under the office lease agreement amounted to \$19,800 for each of the years ended June 30, 2017 and 2016. Future minimum lease payments under the above operating lease are \$19,800 for 2018.

Government Grants and Contracts: CASA has received funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes that any required reimbursements will not have a material adverse effect on its financial position.

NOTE F - NET ASSETS

CASA's board of directors has set aside a portion of unrestricted net assets as designated with the goal of establishing a reserve sufficient to fund one year of operating expenses. At June 30, 2017 and 2016, the board set aside \$320,958 and \$283,870, respectively, for this purpose.

Temporarily restricted net assets are restricted as to use and consist of the following at June 30:

| | <u>2017</u> | <u>2016</u> |
|------------------------------|------------------|------------------|
| Probation | \$ 3,761 | \$ 3,761 |
| Juvenile Treatment Center | 2,197 | 2,197 |
| Money for Families | 2,164 | 1,865 |
| Youth Enrichment | 1,635 | 10,133 |
| Christmas | 926 | 926 |
| Transitional Support | 583 | 583 |
| South Lake Tahoe Teen Crisis | 184 | 184 |
| Other | <u>8</u> | <u>327</u> |
| | \$ <u>11,458</u> | \$ <u>19,976</u> |

NOTE G - RETIREMENT PLAN

CASA has established a defined contribution retirement plan under Internal Revenue Code Section 401(k) that covers all eligible employees. Employees of age 21 or older are eligible to participate after three months of employment. The Plan provides for discretionary employer matching and profit sharing contributions. Employees become fully vested in any employer contributions after five years. No employer contributions were made during the years ended June 30, 2017 or 2016.

NOTE H - SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 16, 2018.