



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

CASA EL DORADO

June 30, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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.

A handwritten signature in black ink that reads "WILLIAMS + OLDS". The signature is written in a cursive, flowing style.

Sacramento, California
January 9, 2019

CASA EL DORADO

STATEMENTS OF FINANCIAL POSITION

June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 49,098	\$ 61,916
Receivables		
Grants	51,299	72,201
Contributions	-	10,000
Investments	228,171	317,592
Prepaid expenses and deposits	4,933	9,568
Furniture and equipment, less accumulated depreciation of \$3,485 in 2018 and \$2,775 in 2017	<u>2,129</u>	<u>2,839</u>
TOTAL ASSETS	<u><u>\$ 335,630</u></u>	<u><u>\$ 474,116</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	<u>\$ 6,886</u>	<u>\$ 21,803</u>
TOTAL LIABILITIES	6,886	21,803
 COMMITMENTS AND CONTINGENCIES	-	-
 NET ASSETS		
Unrestricted		
Undesignated	100,066	119,897
Board Designated	<u>228,171</u>	<u>320,958</u>
Total unrestricted net assets	<u>328,237</u>	<u>440,855</u>
Temporarily restricted net assets	<u>507</u>	<u>11,458</u>
TOTAL NET ASSETS	<u><u>328,744</u></u>	<u><u>452,313</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 335,630</u></u>	<u><u>\$ 474,116</u></u>

See accompanying notes to the financial statements.

CASA EL DORADO

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2018 and 2017

	June 30, 2018			June 30, 2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Grants and contributions	\$ 150,993	\$ -	\$ 150,993	\$ 284,145	\$ 1,400	\$ 285,545
Governmental contracts	250,215	-	250,215	181,084	-	181,084
Special events, less direct costs of \$53,214 in 2018 and \$54,865 in 2017	128,291	-	128,291	145,269	-	145,269
In-kind contributions	197,716	-	197,716	54,900	-	54,900
Investment income	11,319	-	11,319	37,075	-	37,075
<i>Net assets released from restrictions:</i>	10,951	(10,951)	-	9,918	(9,918)	-
TOTAL PUBLIC SUPPORT AND REVENUE	749,485	(10,951)	738,534	712,391	(8,518)	703,873
EXPENSES						
Programs	732,651	-	732,651	576,675	-	576,675
General and administrative	54,774	-	54,774	59,176	-	59,176
Fundraising	74,678	-	74,678	77,375	-	77,375
TOTAL EXPENSES	862,103	-	862,103	713,226	-	713,226
CHANGE IN NET ASSETS	(112,618)	(10,951)	(123,569)	(835)	(8,518)	(9,353)
NET ASSETS AT BEGINNING OF YEAR	440,855	11,458	452,313	441,690	19,976	461,666
NET ASSETS AT END OF YEAR	\$ 328,237	\$ 507	\$ 328,744	\$ 440,855	\$ 11,458	\$ 452,313

See accompanying notes to the financial statements.

CASA EL DORADO

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2018 and 2017

	June 30, 2018				June 30, 2017			
	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 277,492	\$ 34,710	\$ 40,366	\$ 352,568	\$ 320,181	\$ 40,050	\$ 46,576	\$ 406,807
Payroll taxes	24,705	3,127	3,440	31,272	28,135	3,561	3,917	35,613
Employee benefits	25,206	3,191	3,510	31,907	30,610	3,875	4,263	38,748
TOTAL SALARIES AND RELATED EXPENSES	327,403	41,028	47,316	415,747	378,926	47,486	54,756	481,168
Advocacy - In kind	197,716	-	-	197,716	54,900	-	-	54,900
Office expense	57,277	6,302	7,975	71,554	41,409	4,556	5,766	51,731
Legal and professional	63,026	-	-	63,026	19,492	-	-	19,492
Occupancy	24,827	3,143	3,458	31,428	26,806	3,393	3,733	33,932
Postage and printing	11,219	1,402	10,753	23,374	6,979	872	6,689	14,540
Travel	10,740	598	598	11,936	5,115	285	285	5,685
Insurance	10,657	-	-	10,657	8,323	-	-	8,323
Advertising and promotion	7,690	973	1,071	9,734	8,447	1,069	1,177	10,693
Telephone	7,642	967	1,064	9,673	7,572	958	1,054	9,584
Advocacy support expenses	8,405	-	-	8,405	9,420	-	-	9,420
Training and recognition	5,374	326	2,443	8,143	8,611	522	3,915	13,048
Depreciation	675	35	-	710	675	35	-	710
TOTAL EXPENSES	\$ 732,651	\$ 54,774	\$ 74,678	\$ 862,103	\$ 576,675	\$ 59,176	\$ 77,375	\$ 713,226

See accompanying notes to the financial statements.

CASA EL DORADO

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (123,569)	\$ (9,353)
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</i>		
Depreciation	710	710
Net realized and unrealized loss (gain) on investments	530	(32,618)
<i>Changes in operating assets and liabilities:</i>		
Receivables	30,902	(54,884)
Prepaid expenses and deposits	4,635	1,774
Accounts payable and accrued expenses	(14,917)	4,468
	<u>21,860</u>	<u>(80,550)</u>
NET CASH USED IN OPERATING ACTIVITIES	(101,709)	(89,903)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(240,212)	(55,084)
Proceeds from sale of investments	329,103	-
	<u>88,891</u>	<u>(55,084)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	88,891	(55,084)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(12,818)	(144,987)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>61,916</u>	<u>206,903</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 49,098</u>	<u>\$ 61,916</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

NOTE A - ORGANIZATION

CASA El Dorado (Court Appointed Special Advocates or “CASA”), founded in 1993, 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, 2018 and 2017, 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.

Revenue Recognition: 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.

Revenues from grants and contracts are recognized primarily when qualifying expenditures are incurred or services are rendered.

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

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

NOTE C – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are stated at fair value based on quoted prices in active markets and are comprised of the following at June 30, 2018:

	Cost	Fair Value (Level 1)	Unrealized Gain (Loss)
Exchange traded and closed-end funds	\$ 49,550	\$ 84,386	\$ 4,836
Mutual funds	138,549	143,757	5,218
Total	\$ 218,099	\$ 228,152	\$ 10,054

Investments are stated at fair value based on quoted prices in active markets and are comprised of the following at June 30, 2017:

	Cost	Fair Value (Level 1)	Unrealized Gain (Loss)
Exchange traded and closed-end funds	\$ 87,253	\$ 151,814	\$ 64,561
Mutual funds	102,980	111,724	8,744
Certificate of deposit	54,054	54,054	-
Total	\$ 244,287	\$ 317,592	\$ 73,305

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

	2018	2017
Interest and dividends	\$ 15,270	\$ 8,515
Unrealized gains (losses)	(20,493)	32,618
Realized loss	19,964	(985)
Advisory fees	(3,422)	(3,073)
	\$ 11,319	\$ 37,075

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 \$197,716 and \$54,900 in volunteer hours pursuant to this contract in its financial statements for the years ended June 30, 2018 and 2017, respectively.

CASA EL DORADO

NOTES TO FINANCIAL STATEMENTS

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, 2019. Rent expense under the office lease agreement amounted to \$19,800 for each of the years ended June 30, 2018 and 2017. 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, 2018 and 2017, the board set aside \$228,171 and \$320,958, respectively, for this purpose.

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

	<u>2018</u>	<u>2017</u>
Probation	\$ -	\$ 3,761
Juvenile Treatment Center	-	2,197
Money for Families	-	2,164
Youth Enrichment	507	1,635
Christmas	-	926
Transitional Support	-	583
South Lake Tahoe Teen Crisis	-	184
Other	-	8
	<u>\$ 507</u>	<u>\$ 11,458</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. Employer matching and profit sharing contributions may be made to the plan at the discretion of CASA's Board of Directors. Employees become fully vested in any employer contributions after five years. No employer contributions were made during the years ended June 30, 2018 or 2017.

NOTE H - SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through January 9, 2019.