

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

CASA EL DORADO

June 30, 2019 and 2018

CASA EL DORADO

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BALARSKY & BEEBOUT
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

**To 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, 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. 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.



BALARSKY & BEEBOUT
CERTIFIED PUBLIC ACCOUNTANTS

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, 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.

Balarsky & Beebout, CPAs
Sacramento, CA
September 9, 2019

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CASA EL DORADO

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 112,390	\$ 49,098
Receivables		
Grants	39,919	51,299
Investments	323,824	228,171
Prepaid expenses and deposits	2,983	4,933
Furniture and equipment, less accumulated depreciation of \$4,195 in 2019 and \$3,485 in 2018	<u>1,419</u>	<u>2,129</u>
TOTAL ASSETS	<u>\$ 480,535</u>	<u>\$ 335,630</u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	<u>\$ 10,502</u>	<u>\$ 6,886</u>
TOTAL LIABILITIES	10,502	6,886
 NET ASSETS		
Without donor restrictions	469,926	328,237
With donor restrictions	<u>107</u>	<u>507</u>
TOTAL NET ASSETS	<u>470,033</u>	<u>328,744</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 480,535</u>	<u>\$ 335,630</u>

See accompanying notes to the financial statements.

CASA EL DORADO

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2019 and 2018

	June 30, 2019			June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Grants and contributions	\$ 270,145	\$ -	\$ 270,145	\$ 150,993	\$ -	\$ 150,993
Governmental contracts	283,113	-	283,113	250,215	-	250,215
Special events, less direct costs of \$79,389 in 2019 and \$53,214 in 2018	122,701	-	122,701	128,291	-	128,291
In-kind contributions	227,484	-	227,484	197,716	-	197,716
Investment income	15,673	-	15,673	11,319	-	11,319
<i>Net assets released from restrictions:</i>	400	(400)	-	10,951	(10,951)	-
TOTAL PUBLIC SUPPORT AND REVENUE	919,516	(400)	919,116	749,485	(10,951)	738,534
EXPENSES						
Programs	666,193	-	666,193	732,651	-	732,651
General and administrative	49,733	-	49,733	54,774	-	54,774
Fundraising	61,901	-	61,901	74,678	-	74,678
TOTAL EXPENSES	777,827	-	777,827	862,103	-	862,103
CHANGE IN NET ASSETS	141,689	(400)	141,289	(112,618)	(10,951)	(123,569)
NET ASSETS AT BEGINNING OF YEAR	328,237	507	328,744	440,855	11,458	452,313
NET ASSETS AT END OF YEAR	\$ 469,926	\$ 107	\$ 470,033	\$ 328,237	\$ 507	\$ 328,744

See accompanying notes to the financial statements.

CASA EL DORADO

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2019 and 2018

	June 30, 2019				June 30, 2018			
	<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	\$ 281,121	\$ 35,164	\$ 40,894	\$ 357,179	\$ 277,492	\$ 34,710	\$ 40,366	\$ 352,568
Payroll taxes	24,286	3,074	3,382	30,742	24,705	3,127	3,440	31,272
Employee benefits	21,024	2,662	2,928	26,614	25,206	3,191	3,510	31,907
TOTAL SALARIES AND RELATED EXPENSES	326,431	40,900	47,204	414,535	327,403	41,028	47,316	415,747
Advocacy - In kind	227,484	-	-	227,484	197,716	-	-	197,716
Office expense	35,720	3,930	4,974	44,624	57,277	6,302	7,975	71,554
Advocacy support expenses	-	-	-	-	8,405	-	-	8,405
Occupancy	23,494	2,974	3,272	29,740	24,827	3,143	3,458	31,428
Training and recognition	18,837	992	4,957	24,786	5,374	326	2,443	8,143
Legal and professional	15,462	-	-	15,462	63,026	-	-	63,026
Travel	8,302	462	462	9,226	10,740	598	598	11,936
Insurance	6,307	-	-	6,307	10,657	-	-	10,657
Telephone	2,812	356	391	3,559	7,642	967	1,064	9,673
Postage and printing	669	84	641	1,394	11,219	1,402	10,753	23,374
Depreciation	675	35	-	710	675	35	-	710
Advertising and promotion	-	-	-	-	7,690	973	1,071	9,734
TOTAL EXPENSES	\$ 666,193	\$ 49,733	\$ 61,901	\$ 777,827	\$ 732,651	\$ 54,774	\$ 74,678	\$ 862,103

See accompanying notes to the financial statements.

CASA EL DORADO

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 141,289	\$ (123,569)
<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	9,431	530
<i>Changes in operating assets and liabilities:</i>		
Receivables	11,380	30,902
Prepaid expenses and deposits	1,950	4,635
Accounts payable and accrued expenses	3,616	(14,917)
	<u>27,087</u>	<u>21,860</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	168,376	(101,709)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(133,046)	(240,212)
Proceeds from sale of investments	27,962	329,103
	<u>(105,084)</u>	<u>88,891</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(105,084)	88,891
NET CHANGE IN CASH AND CASH EQUIVALENTS	63,292	(12,818)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>49,098</u>	<u>61,916</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 112,390</u>	<u>\$ 49,098</u>

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: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board and reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions, and without donor restrictions.

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 with or without donor restrictions, depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in without donor restrictions 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 with donor restrictions 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), with donor restrictions net assets are reclassified to without donor restrictions 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, 2019:

	Cost	Fair Value (Level 1)	Unrealized Gain (Loss)
Exchange traded and closed-end funds	\$ 106,192	\$ 113,563	\$ 7,371
Mutual funds	210,171	210,261	90
Total	\$ 316,363	\$ 323,824	\$ 7,461

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	\$ 79,550	\$ 84,386	\$ 4,836
Mutual funds	138,567	143,785	5,218
Total	\$ 218,117	\$ 228,171	\$ 10,054

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

	2019	2018
Interest and dividends	\$ 9,494	\$ 15,270
Unrealized gains (losses)	6,303	(20,493)
Realized loss	3,128	19,964
Advisory fees	(3,252)	(3,422)
	\$ 15,673	\$ 11,319

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.

CASA EL DORADO

NOTES TO FINANCIAL STATEMENTS

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 \$227,484 and \$197,716 in volunteer hours pursuant to this contract in its financial statements for the years ended June 30, 2019 and 2018, 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, 2019. Rent expense under the office lease agreement amounted to \$19,800 for each of the years ended June 30, 2019 and 2018. CASA continues to occupy the office facility on a month to month basis.

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 without donor restrictions net assets as designated with the goal of establishing a reserve sufficient to fund one year of operating expenses. At June 30, 2019 and 2018, the board set aside \$323,824 and \$228,171, respectively, for this purpose.

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

	<u>2019</u>	<u>2018</u>
Youth Enrichment	\$ <u>107</u>	\$ <u>507</u>
	\$ <u><u>107</u></u>	\$ <u><u>507</u></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, 2019 or 2018.

NOTE H - SUBSEQUENT EVENTS

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