

San Francisco Court Appointed Special Advocate Program

Financial Statements &
Independent Auditor's Report
for the Year Ended
June 30, 2016

**COOK &
COMPANY**

A PROFESSIONAL ACCOUNTANCY CORPORATION

TABLE OF CONTENTS

| | |
|---------------------------------------------------------|---|
| INDEPENDENT AUDITOR'S REPORT | 3 |
| FINANCIAL STATEMENTS | 4 |
| Statement of Financial Position | 4 |
| Statement of Activities and Changes in Net Assets | 5 |
| Statement of Functional Expenses | 6 |
| Statement of Cash Flows | 7 |
| Notes to Financial Statements | 8 |

COOK & COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

Independent Auditor's Report

To the Board of Directors
San Francisco Court Appointed Special Advocate Program
San Francisco, California

We have audited the accompanying financial statements of San Francisco Court Appointed Special Advocate Program (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, the related statements of activities and changes in net assets, 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 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 an assessment of the risks of the 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 San Francisco Court Appointed Special Advocate Program as of June 30, 2016, 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.

Report on Summarized Comparative Information

We have previously audited the June 30, 2015, financial statements of San Francisco Court Appointed Special Advocate Program and our report dated December 15, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



A Professional Accountancy Corporation
January 3, 2017

San Francisco Court Appointed Special Advocate Program

Statement of Financial Position June 30, 2016 with Comparative Totals for June 30, 2015

| | <u>6/30/2016</u> | 6/30/2015 Total (Note 2) |
|-----------------------------------------|-------------------------------|--------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$1,202,951 | \$1,098,598 |
| Grants & contributions receivable | 162,242 | 182,368 |
| Prepaid expenses & other current assets | <u>34,837</u> | <u>19,476</u> |
| Total current assets | 1,400,030 | 1,300,442 |
| Deposits | 4,992 | 6,383 |
| Property & equipment, net (Note 3) | <u>2,104</u> | <u>4,902</u> |
| TOTAL ASSETS | <u><u>\$1,407,126</u></u> | <u><u>\$1,311,727</u></u> |
| LIABILITIES & NET ASSETS | | |
| Current Liabilities: | | |
| Accounts payable | \$ 10,169 | \$ 14,108 |
| Accrued vacation pay | <u>23,819</u> | <u>17,396</u> |
| TOTAL LIABILITIES | 33,988 | 31,504 |
| Net Assets | | |
| Unrestricted (Note 4) | | |
| Undesignated | 458,742 | 452,217 |
| Board-designated | <u>175,000</u> | <u>-</u> |
| Total unrestricted | 633,742 | 452,217 |
| Temporarily restricted (Note 5) | <u>739,396</u> | <u>828,006</u> |
| TOTAL NET ASSETS | <u><u>1,373,138</u></u> | <u><u>1,280,223</u></u> |
| TOTAL LIABILITIES & NET ASSETS | <u><u>\$1,407,126</u></u> | <u><u>\$1,311,727</u></u> |

See accompanying notes to financial statements
and independent auditor's report.

San Francisco Court Appointed Special Advocate Program

Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>6/30/2016 Total</u> | <u>6/30/2015 Total (Note 2)</u> |
|-----------------------------------------------------------------------------------------------|---------------------|-----------------------------------|----------------------------|-----------------------------------------|
| Support & Revenue: | | | | |
| Grants & contributions | \$ 596,322 | \$ 449,896 | \$1,046,218 | \$1,320,089 |
| Net assets released from restriction: | | | | |
| Satisfaction of donor restrictions | 538,506 | (538,506) | - | - |
| Special events, net of direct donor benefits of \$99,920 in 15-16 and \$86,674 in 14-15 | 200,342 | | 200,342 | 260,499 |
| Miscellaneous | 1,492 | | 1,492 | 1,595 |
| | | | | |
| Total support & revenue | 1,336,662 | - 88,610 | 1,248,052 | 1,582,183 |
| Expenses: | | | | |
| Program services | 887,600 | | 887,600 | 720,180 |
| General & administrative | 70,507 | | 70,507 | 65,486 |
| Fundraising | 197,030 | | 197,030 | 183,446 |
| | | | | |
| Total expenses | 1,155,137 | - | 1,155,137 | 969,112 |
| | | | | |
| CHANGE IN NET ASSETS | 181,525 | (88,610) | 92,915 | 613,071 |
| NET ASSETS, July 1 | 452,217 | 828,006 | 1,280,223 | 667,152 |
| | | | | |
| NET ASSETS, June 30 | <u>\$ 633,742</u> | <u>\$ 739,396</u> | <u>\$1,373,138</u> | <u>\$1,280,223</u> |

See accompanying notes to financial statements
and independent auditor's report.

San Francisco Court Appointed Special Advocate Program

Statement of Functional Expenses for the Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015

| | Program Services | General & Administrative | Fundraising | Shared Costs | 6/30/2016 Total | 6/30/2015 Total (Note 2) |
|------------------------------------|---------------------|-----------------------------|-------------------|-----------------|---------------------|--------------------------------|
| Salaries, payroll taxes & benefits | \$ 622,258 | \$ 51,837 | \$ 145,475 | 65,922 | \$ 885,492 | \$ 755,829 |
| Professional services | 35,971 | 11,434 | - | 14,112 | 61,517 | 48,161 |
| Rent | - | - | - | 55,080 | 55,080 | 47,302 |
| Telephone & internet | - | - | - | 6,354 | 6,354 | 5,795 |
| Other office expenses & supplies | 4,829 | 222 | 20,841 | 14,928 | 40,820 | 36,617 |
| Insurance | - | - | - | 8,325 | 8,325 | 8,240 |
| Travel & conferences | 4,720 | 21 | 615 | 212 | 5,568 | 3,805 |
| Program supplies & expenses | 67,136 | 12 | 2,709 | 3,189 | 73,046 | 47,339 |
| Depreciation | - | - | - | 2,797 | 2,797 | 3,205 |
| Other expenses | 5,365 | (119) | 6,860 | 4,032 | 16,138 | 12,819 |
| Allocation of shared costs | 147,321 | 7,100 | 20,530 | (174,951) | - | - |
| Total Expenses | \$ 887,600 | \$ 70,507 | \$ 197,030 | \$ - | \$ 1,155,137 | \$ 969,112 |

See accompanying notes to financial statements
and independent auditor's report.

San Francisco Court Appointed Special Advocate Program

Statement of Cash Flows for the Year Ended June 30, 2016 with Comparative Totals for the Year Ended June 30, 2015

| | <u>6/30/2016</u> | <u>6/30/2015</u> <u>(Note 2)</u> |
|-------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------|
| <i>Cash flows from operating activities:</i> | | |
| Change in net assets | \$ 92,915 | \$ 613,071 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation expense | 2,797 | 3,205 |
| Amortization of deferred rent | - | (4,317) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in grants & contributions receivable | 20,126 | 90,998 |
| (Increase) decrease in other assets | (13,970) | 357 |
| Increase (decrease) in accounts payable | (3,939) | (904) |
| Increase (decrease) in accrued vacation pay | <u>6,424</u> | <u>1,952</u> |
| Cash provided (used) by operating activities: | 104,353 | 704,362 |
| Cash provided (used) during year | 104,353 | 704,362 |
| Cash balance: | | |
| Beginning of year, July 1 | <u>1,098,598</u> | <u>394,236</u> |
| End of year, June 30 | <u><u>\$ 1,202,951</u></u> | <u><u>\$ 1,098,598</u></u> |

See accompanying notes to financial statements
and independent auditor's report.

San Francisco Court Appointed Special Advocate Program

Notes to Financial Statements June 30, 2016

1. The Organization

Nature of Activities

San Francisco Court Appointed Special Advocate Program (SFCASA or the Organization) is a nonprofit organization that was established to train and support volunteers, appointed by the court, to serve as independent advocates for the best interests of abused and neglected children. The advocates investigate and report facts that will ensure that children in foster care are placed in safe and permanent homes in a timely manner.

SFCASA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is governed by a board of directors.

Funding

SFCASA receives funding from foundation grants, private contributions, special events and government contracts.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets, which includes resources not subject to donor-imposed restrictions.

Temporarily restricted net assets, which includes resources subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Revenue Recognition

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

Gifts of fixed assets are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to

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San Francisco Court Appointed Special Advocate Program

Notes to Financial Statements June 30, 2016

(continued)

acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Cash

Cash includes deposits held in bank checking and money market accounts.

Grants & Contributions Receivable

Receivables from government cost reimbursement grants are reported at the amount management expects to collect on balances outstanding at year-end. Receivables from other grants and contributions are recorded based on formal promises received from donors. All amounts are deemed fully collectible within one year of the balance sheet date.

Property & Equipment

Capitalized property and equipment are stated at cost. Items with an initial cost (or fair value if donated) exceeding \$1,000 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which is five years for items currently on the books.

In-kind Support

Donated goods are recorded as contributions if they can be used in the Organization's activities or sold.

Donated services are recorded as contributions if they create or enhance a nonfinancial asset or if management determines that all of the following criteria have been met: the service requires specialized skills, the service is provided by individuals who possess those skills, and the service would typically need to be purchased if not contributed.

From time to time, SFCASA receives pro bono legal services pertaining to personnel matters and general organizational issues. Since management has determined that these services would not need to be purchased if they had not been donated, they are not reflected as contributions in the financial statements.

SFCASA also receives approximately 160 hours per year of free use of meeting space for program activities. Due to the inherent impracticality of determining a reliable fair market value for these contributions, they have not been recorded in the accompanying financial statements.

Functional Expenses

The Organization allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support service are allocated directly. Expenses that are common to more than one function are allocated based on the estimated amount of staff time spent on each function.

Fair Value of Financial Instruments

The carrying amounts of cash, grants & contributions receivable, and accounts payable approximate fair value because of the short maturity of these instruments.

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San Francisco Court Appointed Special Advocate Program

Notes to Financial Statements June 30, 2016

(continued)

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.

Income Taxes

As a public charity organized under Internal Revenue Code Section 501(c)(3), SFCASA is exempt from income taxes, except on activities unrelated to its mission. As management believes that all of the Organization's revenue is exempt from federal and state income tax, no provision has been made for income tax expense. The Organization's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2014 through 2016 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organization's *California Exempt Organization Annual Information Return* (Form 199) filings for the tax years ending in 2013 through 2016 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Comparative Data

The financial statement information for the year ended June 30, 2015, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation, please refer to the financial statement for that fiscal year.

3. Property & Equipment

Fixed assets at June 30, 2016 consist of:

| | |
|--------------------------------|---------|
| Cable installation | \$5,262 |
| Less: Accumulated depreciation | (3,158) |
| Net book value | \$2,104 |

4. Unrestricted Net Assets

Unrestricted net assets at June 30, 2016 were valued at \$633,742, an increase of \$181,525 from the prior year. The SFCASA Board of Directors designated \$175,000 of this surplus, which resulted from numerous special anniversary contributions, to the 25th Anniversary Campaign to support the organization's ambitious growth plans over the coming four years.

San Francisco Court Appointed Special Advocate Program

Notes to Financial Statements June 30, 2016

5. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 consist of awards received for the following:

| | |
|-----------------------------------------|---------------|
| Training program | \$355,000 |
| General support for future periods | |
| 25 th Anniversary Campaign | 40,000 |
| Other | 324,396 |
| LGBT Youth | <u>20,000</u> |
| Total temporarily restricted net assets | \$739,396 |

6. Contractual Commitments

Operating Leases

During the 2015-2016 year, the Organization rented its office space under an operating agreement with an initial expiration date of September 30, 2014. The agreement provided for an initial monthly rent of \$4,200 and contained options for two one-year extensions, each accompanied by a 5% rent increase. The extensions were exercised in September 2014 and July 2015, respectively. Total rent expense for the year ended June 30, 2016, was \$54,905.

The Organization also rents a copier under a five-year operating agreement that expires in 2019. Future minimum lease payments are approximately \$4,000 per year in each of the next four fiscal years.

7. Line of Credit

The Organization has access to a \$200,000 unsecured bank line of credit. The line charges interest on outstanding balances at an annual rate equal to the bank's Prime Rate plus 0.65%. As of June 30, 2016, there was no outstanding balance.

8. Contingencies

Satisfaction of Funding Source Requirements

The Organization receives grants and donations that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the funding source. It is management's opinion that all funding source restrictions have been met for amounts that have been either recorded as unrestricted or for which donor restrictions have been released.

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Cash Deposits in Excess of FDIC Insurance Limits

SFCASA maintains its cash and cash equivalents in bank accounts that, from time to time, may exceed the federally insured limit, which is currently \$250,000 per depositor per financial institution. As of June 30, 2016, the Organization held approximately \$1.2 in one financial institution.

San Francisco Court Appointed Special Advocate Program

Notes to Financial Statements June 30, 2016

9. Management's Review of Subsequent Events

In preparing these financial statements, management has evaluated events for potential recognition or disclosure through January 3, 2017, the date the financial statements were available to be issued.