
SAN FRANCISCO COURT APPOINTED SPECIAL ADVOCATE PROGRAM

FINANCIAL STATEMENTS

June 30, 2018

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

**SAN FRANCISCO COURT APPOINTED
SPECIAL ADVOCATE PROGRAM**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of San Francisco Court Appointed Special Advocate Program, which comprise the statement of financial position as of June 30, 2018, 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 San Francisco Court Appointed Special Advocate Program as of June 30, 2018, 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 San Francisco Court Appointed Special Advocate Program's June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Croody & Lameda CPAs LLP

Oakland, California

October 12, 2018

**SAN FRANCISCO COURT APPOINTED
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**Statement of Financial Position
June 30, 2018
(With Comparative Totals as of June 30, 2017)**

	2018	2017
Assets		
Current Assets		
Cash	\$ 1,410,016	\$ 1,177,570
Certificates of deposit	499,915	499,940
Accounts receivable, current (Note 4)	229,059	276,954
Prepaid expenses	43,983	48,633
Total Current Assets	2,182,973	2,003,097
Accounts receivable, noncurrent (Note 4)	-	42,218
Property and equipment, net (Note 3)	70,638	1,052
Other assets	1,400	-
Deposits	4,703	4,730
Total Assets	\$ 2,259,714	\$ 2,051,097
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 41,934	\$ 14,865
Accrued vacation	42,134	31,678
Total Liabilities	84,068	46,543
Commitments and Contingencies (Notes 5 and 6)		
Net Assets		
Unrestricted (Note 7)	1,065,577	953,341
Temporarily restricted (Note 8)	1,110,069	1,051,213
Total Net Assets	2,175,646	2,004,554
Total Liabilities and Net Assets	\$ 2,259,714	\$ 2,051,097

See Notes to the Financial Statements

**SAN FRANCISCO COURT APPOINTED
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**Statement of Activities
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

	Unrestricted	Temporarily Restricted	Total	
			2018	2017
Support and Revenue				
Support				
Foundation	\$ 222,250	\$ 170,000	\$ 392,250	\$ 467,300
Individual and community	267,774	99,775	367,549	404,515
Government	327,613		327,613	212,382
Corporate	27,956	25,000	52,956	181,386
Cy pres award			-	221,357
Special events, net (Note 9)	265,275	289,969	555,244	457,887
Total Support	<u>1,110,868</u>	<u>584,744</u>	<u>1,695,612</u>	<u>1,944,827</u>
Revenue				
Interest	5,011		5,011	1,494
Total Revenue	<u>5,011</u>	<u>-</u>	<u>5,011</u>	<u>1,494</u>
Net assets released from donor restrictions (Note 8)	525,888	(525,888)	-	-
Total Support and Revenue	<u>1,641,767</u>	<u>58,856</u>	<u>1,700,623</u>	<u>1,946,321</u>
Expenses				
Program	1,130,992		1,130,992	945,441
Management and general	74,228		74,228	71,145
Fundraising	324,311		324,311	298,319
Total Expenses	<u>1,529,531</u>	<u>-</u>	<u>1,529,531</u>	<u>1,314,905</u>
Change in Net Assets	112,236	58,856	171,092	631,416
Net Assets, beginning of year	<u>953,341</u>	<u>1,051,213</u>	<u>2,004,554</u>	<u>1,373,138</u>
Net Assets, end of year	<u>\$ 1,065,577</u>	<u>\$ 1,110,069</u>	<u>\$ 2,175,646</u>	<u>\$ 2,004,554</u>

See Notes to the Financial Statements

**SAN FRANCISCO COURT APPOINTED
SPECIAL ADVOCATE PROGRAM**

**Statement of Cash Flows
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 171,092	\$ 631,416
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	18,711	1,053
Investment activity	25	60
Change in assets and liabilities:		
Accounts receivable	90,113	(156,931)
Prepaid expenses	4,650	(13,796)
Other assets	(1,400)	-
Deposits	27	262
Accounts payable and accrued expenses	27,069	4,696
Accrued vacation	10,456	7,859
Net cash provided (used) by operating activities	320,743	474,619
Cash flows from investing activities:		
Purchases of fixed assets	(88,297)	-
Purchases of certificates of deposit	-	(500,000)
Net cash provided (used) by investing activities	(88,297)	(500,000)
Net change in cash	232,446	(25,381)
Cash, beginning of year	1,177,570	1,202,951
Cash, end of year	\$ 1,410,016	\$ 1,177,570

See Notes to the Financial Statements

**SAN FRANCISCO COURT APPOINTED
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**Statement of Functional Expenses
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

	Program	Management and General	Fundraising	Total	
				2018	2017
Salaries	\$ 771,711	\$ 48,169	\$ 218,204	\$ 1,038,084	\$ 898,796
Employee benefits	79,582	4,961	22,671	107,214	79,044
Payroll taxes	63,421	3,856	17,733	85,010	73,294
Total Personnel	<u>914,714</u>	<u>56,986</u>	<u>258,608</u>	<u>1,230,308</u>	<u>1,051,134</u>
Accounting	-	9,000	-	9,000	19,125
Professional fees	28,897	2,222	1,621	32,740	10,628
Advertising and promotion	29,084	-	123	29,207	34,733
Occupancy	58,060	2,015	11,705	71,780	63,181
Informational technology	11,942	335	5,277	17,554	17,302
Travel and meals	3,820	156	944	4,920	4,795
Postage, printing and copying	3,879	70	15,737	19,686	20,711
Supplies and office expenses	19,565	1,202	12,812	33,579	27,330
Conferences and meetings	9,203	219	2,289	11,711	10,771
Dues, subscriptions, and licenses	9,951	9	8,321	18,281	10,471
Insurance	3,896	135	785	4,816	8,412
Depreciation	15,135	525	3,051	18,711	1,053
Youth activities and supplies	10,927	-	-	10,927	12,625
Background clearance	9,287	5	39	9,331	10,958
Miscellaneous	2,632	1,349	2,999	6,980	11,676
Total Expenses	<u>\$ 1,130,992</u>	<u>\$ 74,228</u>	<u>\$ 324,311</u>	<u>\$ 1,529,531</u>	<u>\$ 1,314,905</u>

See Notes to the Financial Statements

**SAN FRANCISCO COURT APPOINTED
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**Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

NOTE 1: NATURE OF ACTIVITIES

San Francisco Court Appointed Special Advocate Program (SFCASA or the Organization) is a non-profit 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 in foster care.

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

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).

Basis of Presentation

The Organization presents 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. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of June 30, 2018.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

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**Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases 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.

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 Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of June 30, 2018 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 this criteria for the year ended June 30, 2018.

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.

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

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:

Leasehold improvements	5 years or lease term if shorter
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**Notes to the Financial Statements
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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.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of October 12, 2018, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

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.

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 valued certificate of deposits using level 2 inputs as of June 30, 2018.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

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For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 5,262	\$ 5,262
Computer equipment and software	88,297	-
Less accumulated depreciation	<u>(22,921)</u>	<u>(4,210)</u>
Total	<u>\$ 70,638</u>	<u>\$ 1,052</u>

NOTE 4: ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

	<u>2018</u>	<u>2017</u>
25th Anniversary and Gala pledges	\$ 72,728	\$ 102,432
Government, grant and other	160,498	226,007
Less: Noncurrent receivables	-	(42,218)
Less: Allowance for doubtful accounts	<u>(4,167)</u>	<u>(9,267)</u>
Total	<u>\$ 229,059</u>	<u>\$ 276,954</u>

NOTE 5: COMMITMENTS

The Organization leases office space with various terms through June 2021. Future minimum lease payments were as follows for the years ended June 30:

2019	\$ 118,800
2020	122,364
2021	<u>126,035</u>
Total	<u>\$ 367,199</u>

The Organization paid rent of \$66,750 and \$59,067 for the fiscal years ended June 30, 2018 and 2017 respectively. Beginning in June 2018, the Organization expanded its office space to include ground floor offices at 2533 Mission St, San Francisco, CA to be used for trainings, meetings and secure storage.

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 deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 7: UNRESTRICTED NET ASSETS

Board designated for 25 th anniversary growth campaign	\$ 175,000
Undesignated	<u>890,577</u>
Total	<u>\$ 1,065,577</u>

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**Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows as of June 30:

	<u>2018</u>	<u>2017</u>
Educational Advocacy	\$ -	\$ 50,000
25 th Anniversary growth campaign	331,971	177,200
Training program	355,000	355,000
Courthouse dog	8,129	-
Restricted for future use	<u>414,969</u>	<u>469,013</u>
Total	<u>\$ 1,110,069</u>	<u>\$ 1,051,213</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended June 30:

	<u>2018</u>	<u>2017</u>
Educational Advocacy	\$ 60,000	\$ 55,000
25 th Anniversary growth campaign	-	40,000
LGBTQ	-	20,000
Training program	25,000	25,000
Youth activities and supplies	2,000	4,000
Pre-emancipation	35,000	-
Courthouse dog	9,271	-
Expiration of time restrictions	<u>394,617</u>	<u>225,000</u>
Total	<u>\$ 525,888</u>	<u>\$ 369,000</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:

	<u>2018</u>	<u>2017</u>
Admission	\$ 47,880	\$ 53,326
Donations and sponsorships	229,914	206,200
Fund-a-need	289,969	239,617
Auction proceeds - donated items	84,220	51,325
Raffle	9,125	7,525
Less: Costs of direct donor benefit	<u>(105,864)</u>	<u>(100,106)</u>
Total	<u>\$ 555,244</u>	<u>\$ 457,887</u>

NOTE 10: LINE OF CREDIT

The Organization maintains a \$200,000 line of credit bearing interest at a variable rate. There was no balance on the line of credit as of June 30, 2018.

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**Notes to the Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)**

NOTE 11: VOLUNTEER EFFORT

In addition to the financial activities reflected on the financial statements the Organization's work is supported by the substantial efforts of over 325 volunteer advocates who have completed the Organization's training program and been sworn in as officers of the San Francisco Unified Family court.