
SAN FRANCISCO COURT APPOINTED SPECIAL ADVOCATES

FINANCIAL STATEMENTS

June 30, 2019

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

**SAN FRANCISCO COURT APPOINTED
SPECIAL ADVOCATES**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
San Francisco Court Appointed Special Advocates
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of San Francisco Court Appointed Special Advocates, which comprise the statement of financial position as of June 30, 2019, 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 Advocates 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.

Report on Summarized Comparative Information

We have previously audited the San Francisco Court Appointed Special Advocates' June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Oakland, California

November 18, 2019

**SAN FRANCISCO COURT APPOINTED
SPECIAL ADVOCATES**

**Statement of Financial Position
June 30, 2019
(With Comparative Totals as of June 30, 2018)**

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,236,671	\$ 1,410,016
Investments (Note 3)	1,002,842	499,915
Accounts receivable - government	339,581	160,498
Grants and pledges receivable, net (Note 5)	222,680	68,561
Prepaid expenses	26,489	43,983
Total Current Assets	2,828,263	2,182,973
Property and equipment, net (Note 6)	52,978	70,638
Deposits and other assets	4,853	6,103
Total Assets	\$ 2,886,094	\$ 2,259,714
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 26,542	\$ 41,934
Accrued vacation	44,088	42,134
Total Liabilities	70,630	84,068
Net Assets		
Without donor restrictions (Note 9)	1,521,877	1,065,577
With donor restrictions (Note 10)	1,293,587	1,110,069
Total Net Assets	2,815,464	2,175,646
Total Liabilities and Net Assets	\$ 2,886,094	\$ 2,259,714

See Notes to the Financial Statements

**SAN FRANCISCO COURT APPOINTED
SPECIAL ADVOCATES**

**Statement of Activities
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2019	2018
Support and Revenue				
Support				
Foundation	\$ 146,169	\$ 379,832	\$ 526,001	\$ 392,250
Individual and community	317,933	123,966	441,899	367,549
Government	657,009		657,009	327,613
Corporate	62,727	10,000	72,727	52,956
Special events, net (Note 11)	441,042	314,900	755,942	555,244
Total Support	<u>1,624,880</u>	<u>828,698</u>	<u>2,453,578</u>	<u>1,695,612</u>
Revenue				
Interest and investment activity	10,323		10,323	5,011
Other	3,164		3,164	-
Total Revenue	<u>13,487</u>	<u>-</u>	<u>13,487</u>	<u>5,011</u>
Support provided by expiring time and purpose restrictions	645,180	(645,180)	-	-
Total Support and Revenue	<u>2,283,547</u>	<u>183,518</u>	<u>2,467,065</u>	<u>1,700,623</u>
Expenses				
Program	1,325,781		1,325,781	1,130,992
Management and general	139,783		139,783	74,228
Fundraising	361,683		361,683	324,311
Total Expenses	<u>1,827,247</u>	<u>-</u>	<u>1,827,247</u>	<u>1,529,531</u>
Change in Net Assets	456,300	183,518	639,818	171,092
Net Assets, beginning of year	<u>1,065,577</u>	<u>1,110,069</u>	<u>2,175,646</u>	<u>2,004,554</u>
Net Assets, end of year	<u>\$ 1,521,877</u>	<u>\$ 1,293,587</u>	<u>\$ 2,815,464</u>	<u>\$ 2,175,646</u>

See Notes to the Financial Statements

**SAN FRANCISCO COURT APPOINTED
SPECIAL ADVOCATES**

**Statement of Cash Flows
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 639,818	\$ 171,092
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	17,660	18,711
Investment activity	(4,827)	25
Change in assets and liabilities:		
Accounts receivable	(179,083)	90,113
Grants and pledges receivable	(154,119)	-
Prepaid expenses	17,494	4,650
Deposits and other assets	1,250	(1,373)
Accounts payable and accrued expenses	(15,392)	27,069
Accrued vacation	1,954	10,456
Net cash provided (used) by operating activities	324,755	320,743
Cash flows from investing activities:		
Purchases of fixed assets	-	(88,297)
Purchases of investments	(498,100)	-
Net cash provided (used) by investing activities	(498,100)	(88,297)
Net change in cash and cash equivalents	(173,345)	232,446
Cash and cash equivalents, beginning of year	1,410,016	1,177,570
Cash and cash equivalents, end of year	\$ 1,236,671	\$ 1,410,016

See Notes to the Financial Statements

**SAN FRANCISCO COURT APPOINTED
SPECIAL ADVOCATES**

**Statement of Functional Expenses
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

	Program	Management and General	Fundraising	Total	
				2019	2018
Salaries	\$ 778,346	\$ 81,705	\$ 223,693	\$ 1,083,744	\$ 1,038,084
Employee benefits	67,192	7,024	19,281	93,497	107,214
Payroll taxes	65,242	6,820	18,722	90,784	85,010
Total Personnel	<u>910,780</u>	<u>95,549</u>	<u>261,696</u>	<u>1,268,025</u>	<u>1,230,308</u>
Accounting	-	30,250	-	30,250	9,000
Professional fees	65,863	2,922	6,150	74,935	32,740
Advertising and promotion	87,406	-	53	87,459	29,207
Occupancy	108,452	4,268	11,832	124,552	71,780
Informational technology	9,603	890	27,398	37,891	17,554
Travel and meals	3,061	192	701	3,954	4,920
Postage, printing and copying	4,493	156	15,381	20,030	19,686
Supplies and office expenses	51,997	3,316	19,053	74,366	33,579
Conferences and meetings	8,519	529	2,014	11,062	11,711
Dues, subscriptions, and licenses	15,185	126	5,599	20,910	18,281
Insurance	5,986	469	1,301	7,756	4,816
Depreciation	17,660	-	-	17,660	18,711
Youth activities and supplies	18,194	-	-	18,194	10,927
Background clearance	11,143	6	16	11,165	9,331
Other expenses	7,439	1,110	10,489	19,038	6,980
Expenses by function	<u>\$ 1,325,781</u>	<u>\$ 139,783</u>	<u>\$ 361,683</u>	<u>\$ 1,827,247</u>	<u>\$ 1,529,531</u>
Expenses reported on a net basis on the statement of activities					
Event expenses	-	-	114,048	114,048	105,864
Total expenses	<u>\$ 1,325,781</u>	<u>\$ 139,783</u>	<u>\$ 475,731</u>	<u>\$ 1,941,295</u>	<u>\$ 1,635,395</u>

See Notes to the Financial Statements

**SAN FRANCISCO COURT APPOINTED
SPECIAL ADVOCATE PROGRAM**

**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

NOTE 1: NATURE OF ACTIVITIES

San Francisco Court Appointed Special Advocates (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).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

**SAN FRANCISCO COURT APPOINTED
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**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from government funders on cost reimbursement agreements. The Organization considers all accounts receivable to be fully collectible at June 30, 2019. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

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, 2019 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, 2019.

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

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

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.

Cash Equivalents

The Organization considers money market funds and other highly liquid investments with original maturities of three months or less when purchased that are held in operating accounts to be cash equivalents.

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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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.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on timesheets prepared by all employees every pay period that are signed by the employee and approved by the employee's supervisor. Certain operations staff may allocate time to a shared cost pool which is then allocated on a pro-rata basis to the major functional expense categories.

Occupancy and depreciation are allocated based on the programs and supporting activities occupying the space, using staff allocations from timesheets.

Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of staff allocations for each program and supporting activity.

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

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities.

Changes in Accounting Principles

The Organization implemented FASB Accounting Standards Update No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class:	As Originally <u>Presented</u>	After Adoption of <u>ASU 2016-14</u>
Unrestricted net assets	\$ 1,506,878	\$ -
Temporarily restricted net assets	1,095,762	-
Net assets without donor restrictions	-	1,506,878
Net assets with donor restrictions	<u>-</u>	<u>1,095,762</u>
Total	<u>\$ 2,602,640</u>	<u>\$ 2,602,640</u>

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, 2018, 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 November 18, 2019, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

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**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

NOTE 3: INVESTMENTS

Investments consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,035	\$ -
Certificates of deposit	751,540	499,915
US Treasuries	<u>249,267</u>	<u>-</u>
Total	<u>\$ 1,002,842</u>	<u>\$ 499,915</u>

The Organization invests in certificates of deposit and US Treasuries with maturities of six months to three years.

NOTE 4: 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 and treasuries at fair value using level 2 inputs as of June 30, 2019.

NOTE 5: GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable, not including government contract receivables consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Grants and pledges receivable	\$ 234,580	\$ 72,728
Less allowance for doubtful accounts	<u>(11,900)</u>	<u>(4,167)</u>
Total	<u>\$ 222,680</u>	<u>\$ 68,561</u>

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Leasehold improvements	\$ -	\$ 5,262
Computer equipment and software	88,297	88,297
Less accumulated depreciation	<u>(35,319)</u>	<u>(22,921)</u>
Total	<u>\$ 52,978</u>	<u>\$ 70,638</u>

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**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

NOTE 7: 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:

2020	\$ 122,364
2021	<u>126,035</u>
Total	<u>\$ 248,399</u>

The Organization paid rent of \$118,800 and \$66,750 for the fiscal years ended June 30, 2019 and 2018, respectively. Beginning in July 2018, the Organization expanded its office space to include ground floor offices on Mission St, San Francisco, CA to be used for trainings, meetings and secure storage.

NOTE 8: 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 9: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions were available as follows as of June 30:

	<u>2019</u>	<u>2018</u>
Designated - Growth campaign	\$ 175,000	\$ 175,000
Undesignated	<u>1,346,877</u>	<u>890,577</u>
Total	<u>\$ 1,521,877</u>	<u>\$ 1,065,577</u>

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of June 30:

	<u>2019</u>	<u>2018</u>
Growth campaign	\$ 361,186	\$ 331,971
Training program and specialist	25,000	355,000
Program expansion and recruitment	482,695	-
Office space renovations	9,382	-
Courthouse dog program	424	8,129
Restricted for future use	<u>414,900</u>	<u>414,969</u>
Total	<u>\$ 1,293,587</u>	<u>\$ 1,110,069</u>

The Organization's board has additional authority over the use of \$340,000 of the Organization net assets with donor restriction balance as of June 30, 2019.

**SAN FRANCISCO COURT APPOINTED
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**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

NOTE 11: SPECIAL EVENTS

The Organization held a special fundraising event during the year. Activity related to the events was as follows during the years ended June 30:

	<u>2019</u>	<u>2018</u>
Admission	\$ 49,115	\$ 47,880
Donations and sponsorships	338,647	229,914
Fund a need	314,900	289,969
Auction proceeds - donated items	158,493	84,220
Raffle	8,835	9,125
Less: Costs of direct donor benefit	<u>(114,048)</u>	<u>(105,864)</u>
Total	<u>\$ 755,942</u>	<u>\$ 555,244</u>

NOTE 12: 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, 2019.

NOTE 13: 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.

NOTE 14: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 are:

Financial assets:	
Cash	\$ 1,236,671
Investments	1,002,842
Accounts receivable – government	339,581
Grants and pledges receivable	<u>222,680</u>
Total financial assets	2,801,774
Less net assets with donor restricted – specific purpose	(878,687)
Less board designated funds	<u>(175,000)</u>
Amount available for general expenditures within one year	<u>\$ 1,748,087</u>

The above reflects board designated funds as unavailable because it is the Organization's intention to use those resources for the growth of the Organization. As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in cash and cash equivalents and short-term investments. The Organization maintains a revolving line of credit of \$200,000 to cover short-term cash needs.

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**Notes to the Financial Statements
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)**

NOTE 15: CONDITIONAL PROMISES TO GIVE

In addition to the activity reflected on the Organization's statement of activities, the Organization received certain conditional promises to give as of June 30, 2019:

<u>Grant</u>	<u>Condition</u>	<u>Amount</u>
Grant I	Program performance	\$50,000
Grant II	Program performance	\$92,175

Under the Organization's accounting policies the Organization recognizes such conditional promises to give as support once the related conditions are satisfied. The Organization expects to satisfy the related conditions for the above grants within one year of June 30, 2019.