

**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**

INDEPENDENT AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS

For the Year Ended  
June 30, 2013

**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**  
INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013

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## **Independent Auditors' Report**

To the Board of Directors  
Court Appointed Special Advocates  
of San Luis Obispo County, Inc.  
San Luis Obispo, California

We have audited the accompanying financial statements of Court Appointed Special Advocates of San Luis Obispo County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, changes in net assets, 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 U.S. generally accepted accounting principles; 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 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 auditors' 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 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 financial statement presentation.

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 Court Appointed Special Advocates of San Luis Obispo County, Inc., as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Cindrigh & Co.", written in a cursive style.

**CINDRICH & COMPANY**  
**An Accountancy Corporation**

San Luis Obispo, CA  
January 15, 2014

**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF FINANCIAL POSITION

June 30, 2013

<b>ASSETS</b>	Unrestricted	Temporarily Restricted	Totals
<b>Current assets:</b>			
Cash and cash equivalents	\$ 249,657	\$ 5,878	\$ 255,535
Investments (Note 6)	5,964		5,964
Grants receivable (Note 2)	28,246		28,246
Prepaid expenses	6,247		6,247
Total current assets	290,114	5,878	295,992
<b>Fixed assets:</b>			
Fixed assets - at cost, less accumulated depreciation of \$51,309 (Notes 2 and 3)	12,859		12,859
<b>Other assets:</b>			
Deposit	1,500		1,500
Total assets	\$ 304,473	\$ 5,878	\$ 310,351
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 5,315	\$ -	\$ 5,315
Payroll taxes payable	1,770		1,770
Employee benefits payable	831		831
Accrued vacation payable	12,183		12,183
Deferred revenue (Note 2)	25,246		25,246
Capital lease payable - current portion	856		856
Total current liabilities	46,201	-	46,201
<b>Long term liabilities:</b>			
Capital lease payable (Note 8)	3,195		3,195
Less current portion	(856)		(856)
Total long term liabilities	2,339	-	2,339
Total liabilities	48,540	-	48,540
<b>Net assets:</b>			
Unrestricted	249,969		249,969
Board designated	5,964		5,964
Temporarily restricted		5,878	5,878
Total net assets	255,933	5,878	261,811
Total liabilities and net assets	\$ 304,473	\$ 5,878	\$ 310,351

The accompanying notes are an integral part of these financial statements.

**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Totals
<b>Revenue:</b>			
Grants	\$ 210,128	\$ -	\$ 210,128
Fundraising - net of \$77,748 in direct expenses, of which \$48,638 are in kind	162,760		162,760
Contributions	46,970	9,007	55,977
Contributions - in kind volunteers	265,877		265,877
Contributions - in kind	19,952		19,952
Miscellaneous revenue	2,512		2,512
Unrealized gain on investments	177		177
Loss on disposal of fixed assets	(99)		(99)
Interest income	959		959
Net assets released from restriction	6,826	(6,826)	-
	<hr/>		
Total revenue	716,062	2,181	718,243
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<b>Expenses:</b>			
Program services	571,144		571,144
Management and general	105,072		105,072
Fundraising	72,867		72,867
	<hr/>		
Total expenses	749,083	-	749,083
<hr/>			
Change in net assets	\$ (33,021)	\$ 2,181	\$ (30,840)
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The accompanying notes are an integral part of these financial statements.

**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF CHANGES IN NET ASSETS  
For The Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Totals
<b>NET ASSETS - June 30, 2012</b>	\$ 288,954	\$ 3,697	\$ 292,651
Change in net assets	(33,021)	2,181	(30,840)
<b>NET ASSETS - June 30, 2013</b>	\$ 255,933	\$ 5,878	\$ 261,811

The accompanying notes are an integral part of these financial statements.

**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2013

	Program Services	Management & General	Fundraising	Totals
Volunteer expenses - in kind	\$ 265,877	\$ -	\$ -	\$ 265,877
Salary and wages	191,904	63,968	48,738	304,610
Rent - facility	26,460	8,820	6,720	42,000
Payroll tax expense	17,029	5,677	4,325	27,031
Computer expense	13,136	4,379	3,335	20,850
Insurance	7,447	2,482	1,891	11,820
Employee health insurance	4,798	1,599	1,218	7,615
Development expense	3,044	1,015	773	4,832
Travel	7,578	190	144	7,912
Depreciation	3,842	1,281	976	6,099
Accounting and professional		9,154		9,154
Fingerprinting	4,517	280		4,797
Supplies	3,305	1,102	839	5,246
Credit card merchant fees	2,644	881	671	4,196
Telephone and communications	2,074	691	527	3,292
Training	1,061	354	269	1,684
Utilities	2,032	677	517	3,226
Advertising expense	2,126	709	540	3,375
Dues and subscriptions	1,626	542	412	2,580
Outside services	1,622	540	413	2,575
Children's fund expense	6,827			6,827
Postage	840	280	214	1,334
Printing	423	141	107	671
Rent - storage	391	130	99	620
Miscellaneous	469	156	121	746
Interest expense	72	24	18	114
<b>Total</b>	<b>\$ 571,144</b>	<b>\$ 105,072</b>	<b>\$ 72,867</b>	<b>\$ 749,083</b>

The accompanying notes are an integral part of these financial statements.



**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**

STATEMENT OF CASH FLOWS  
For The Year Ended June 30, 2013

<b><i>Cash flows from operating activities:</i></b>	
Change in net assets	<u>\$ (30,840)</u>
Adjustment to reconcile change in net assets to net cash used by operating activities:	
Depreciation	6,099
Unrealized gain on investments	(177)
Loss on disposal of fixed assets	99
Decrease in grants receivable	1,261
Decrease in prepaid expenses	684
Increase in accounts payable	3,714
Increase in payroll tax payable	639
Increase in employee benefits payable	831
Increase in accrued vacation payable	3,132
Decrease in deferred revenue	<u>(1,705)</u>
Total adjustments	<u>14,577</u>
Net cash used by operating activities	<u>(16,263)</u>
<b><i>Cash flows from investing activities:</i></b>	
Purchase of fixed assets	<u>(1,089)</u>
Net cash used by investing activities	<u>(1,089)</u>
<b><i>Cash flows from financing activities:</i></b>	
Repayments on capital lease payable	<u>(830)</u>
Net cash used by financing activities	<u>(830)</u>
<b><i>Net decrease in cash</i></b>	<b>(18,182)</b>
<b><i>Cash at beginning of year</i></b>	<b><u>273,717</u></b>
<b><i>Cash at end of year</i></b>	<b><u><u>\$ 255,535</u></u></b>

***Supplemental information:***

Cash paid for interest was \$114 for the year ended June 30, 2013.  
There was no cash paid for income taxes for the year ended June 30, 2013.

The accompanying notes are an integral part of these financial statements.

**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**NOTE 1: HISTORY AND ORGANIZATION**

Court Appointed Special Advocates of San Luis Obispo County, Inc. is a non-profit, non-stock corporation, organized under the laws of the State of California in 1993. The Organization recruits, screens, trains, and supervises volunteers who are appointed by the juvenile courts of San Luis Obispo to represent the best interests of abused, neglected, abandoned and dependent children. The volunteers get to know their assigned child by spending time with them on a weekly basis, reviewing records related to the child and interviewing adults involved in the child's life. The volunteers advocate for needed services for the child and provide written court reports to the Judge, reporting information gathered, the child's wishes, and making recommendations. Also, the Organization educates the general public as well as those persons, offices, agencies and institutions concerned with service delivery to abused children and their families.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

The financial statements are presented on the accrual basis of accounting, which recognizes revenue as gross income when earned and operating expenses as deductions from gross income when incurred. The financial resources are maintained in accordance with the principles of fund accounting.

The *unrestricted operating fund* is utilized to record contributions, fund raising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fund raising efforts of the organization.

The *temporarily restricted fund* is utilized to record resources received by the Organization that are temporarily restricted as to use by the donor or grantor. When the restriction expires, the net assets of this fund are reclassified to unrestricted net assets.

*Contributions*

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted. When the donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

*Grants Receivable*

Management has determined that an allowance for doubtful accounts would be immaterial based on the organization's credit policies, prior collection experience, and the type of agencies associated with the Organization.

**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Property and Equipment*

The Organization follows the practice of capitalizing all expenditures in excess of \$500 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Repairs and maintenance are charged to expense when incurred. Depreciation expense is calculated on the straight-line method over the useful life of the related asset.

*Estimates*

The preparation of financial statements in conformity with U.S. 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 Tax*

The Organization is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1986 and Section 23701(d) of the California Revenue and Taxation Code. In addition, the Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken, and has concluded that as of June 30, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to June 30, 2009.

*Cash and Cash Equivalents*

Cash and cash equivalents includes all liquid investments including money market accounts and certificates of deposits with a maturity of 90 days or less when purchased.

*Deferred revenue*

Deferred revenue results from the collection of revenue earned in subsequent years.

*Advertising*

Advertising costs are expensed during the period in which they are incurred. Advertising costs as of June 30, 2013 were \$3,375.

**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Fair value measurements*

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs – quoted prices in active markets for identical assets

Level 2 inputs – quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs – estimates using the best information available when there is little or no market

The Organization is required to measure three types of assets and the related revenues at fair value: pledged contributions, non-cash contributions, and certain investments. The techniques used to measure fair value are described in the notes below that relate to each asset/revenue.

*In-kind donations*

In-kind donations of fixed assets and supplies used directly by the Organization are valued at their fair values at the time of the gift.

*Subsequent Events*

Management has evaluated subsequent events through January 15, 2014 which is the date the financial statements were available to be issued.

**NOTE 3: FIXED ASSETS**

A summary of fixed assets by major classifications at June 30, 2013, is as follows:

Equipment	\$ 42,698
Furniture and fixtures	<u>21,470</u>
Total fixed assets	64,168
Less: accumulated depreciation	<u>(51,309)</u>
Net fixed assets	\$ <u>12,859</u>

Depreciation for the year ended June 30, 2013 was \$6,099.

**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**NOTE 4: CONCENTRATIONS**

The Organization's four largest grants provided approximately 17% of the Organization's support. The Organization's three largest fundraisers provided approximately 13% of the Organization's support.

**NOTE 5: ACCRUED VACATION**

The Organization has accrued a liability for vacation leave earned but not taken by staff employees. This accrual was calculated on actual vacation days earned and applied to the individuals' hourly rate.

**NOTE 6: INVESTMENTS**

The Organization has funded \$5,000 to the San Luis Obispo Community Foundation. The purpose of the fund is to provide Court Appointed Special Advocates of San Luis Obispo County, Inc. ongoing support through investment income from the fund. Annual earnings from the fund, net of fees and expenses may be distributed to Court Appointed Special Advocates of San Luis Obispo County, Inc.; neither fund principal nor the net appreciation of fund principal, realized or unrealized, may be distributed. The fund shall continue as long as assets are available in the fund and the purposes of the fund can be served by its continuation.

Investments are presented in the aggregate at fair market value using level 1 inputs.

**NOTE 7: LONG-TERM LEASES**

The Organization leases offices under a long-term lease. The Organization's lease is for a period of three years, terminating December 31, 2013.

During the year ended June 30, 2013, total rental expense was \$42,000. Future obligations over the primary terms of the Organization's long-term lease as of June 30, 2013, are as follows:

For the year ended:		
June 30, 2014	\$	<u>21,000</u>
Total	\$	<u>21,000</u>

**COURT APPOINTED SPECIAL ADVOCATES  
OF SAN LUIS OBISPO COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**NOTE 8: CAPITAL LEASE**

The Organization leases a copier under a capital lease. The capitalized cost of the copier is \$4,375 with accumulated depreciation on this copier totaling \$833 as of June 30, 2013. Depreciation expense for this equipment was \$625 for the year ended June 30, 2013. The lease includes a \$1 purchase option at the end of the lease period. Future minimum lease payments are as follows:

For the year ended:		
June 30, 2014	\$	856
June 30, 2015		883
June 30, 2016		911
June 30, 2017		<u>545</u>
Total	\$	<u>3,195</u>

The imputed interest necessary to reduce the net minimum lease payments to present value is considered immaterial.

**NOTE 9: DONATED MATERIALS AND SERVICES**

The Organization has received significant contributions of non-cash services, facilities, and property which are summarized below. These donations include specialized volunteers for the Child Advocacy program. The fair value of contributed services, facilities, and supplies has been measured on a nonrecurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

Donated fundraising items	\$	48,638
Donated services		15,752
Donated facilities		4,200
Donated volunteer hours		<u>265,877</u>
Total recorded as revenue and expense		<u>334,467</u>
Total in-kind contributions	\$	<u>334,467</u>