

**CASA PACIFICA CENTERS FOR
CHILDREN AND FAMILIES**

REPORTS REQUIRED BY
TITLE 2 U.S. CODE OF FEDERAL REGULATIONS
(CFR) PART 200, UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AND AUDIT
REQUIREMENTS FOR FEDERAL AWARDS
(UNIFORM GUIDANCE)

YEAR ENDED JUNE 30, 2018

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

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TITLE 2 U.S. CODE OF FEDERAL REGULATIONS
(CFR) PART 200, UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AND AUDIT
REQUIREMENTS FOR FEDERAL AWARDS
(UNIFORM GUIDANCE)**

YEAR ENDED JUNE 30, 2018

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Casa Pacifica Centers for Children and Families

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Casa Pacifica Centers for Children and Families (Casa Pacifica), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casa Pacifica's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Casa Pacifica's internal control. Accordingly, we do not express an opinion on the effectiveness of Casa Pacifica's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Casa Pacifica's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Directors
Casa Pacifica Centers for Children and Families

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Casa Pacifica's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Green Hasson & Janks LLP

December 5, 2018
Los Angeles, California

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE
INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors
Casa Pacifica Centers for Children and Families

Report on Compliance for Each Major Federal Program

We have audited Casa Pacifica Centers for Children and Families' (Casa Pacifica) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Casa Pacifica's major federal programs for the year ended June 30, 2018. Casa Pacifica's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Casa Pacifica's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Casa Pacifica's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Casa Pacifica's compliance.

Opinion on Each Major Federal Program

In our opinion, Casa Pacifica complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Casa Pacifica is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Casa Pacifica's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Casa Pacifica's internal control over compliance.

To the Board of Directors
Casa Pacifica Centers for Children and Families

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Green Hasson & Janks LLP

December 5, 2018
Los Angeles, California

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Are any material weaknesses identified? ___yes ___x no
- Are any significant deficiencies identified? ___yes ___x none reported

Is any noncompliance material to financial statements noted? ___yes ___x no

Federal Awards

Internal control over major programs:

- Are any material weaknesses identified? ___yes ___x no
- Are any significant deficiencies identified? ___yes ___x none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes ___x no

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ___x yes ___no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.658	U.S. Department of Health and Human Services: Pass through California Department of Social Services Foster Care - Title IV-E Training Program

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no current year audit findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current year audit findings.

APPENDIX

**CASA PACIFICA CENTERS FOR
CHILDREN AND FAMILIES**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

**CASA PACIFICA CENTERS FOR
CHILDREN AND FAMILIES**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Casa Pacifica Centers for Children and Families

Report on the Financial Statements

We have audited the accompanying financial statements of Casa Pacifica Centers for Children and Families (Casa Pacifica), which comprise the statement of financial position as of June 30, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Casa Pacifica 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.

Emphasis-of-Matter

As discussed in Note 15, Casa Pacifica's 2017 financial statements, that were audited by other auditors whose report dated November 28, 2017 expressed an unmodified opinion, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

To the Board of Directors
Casa Pacifica Centers for Children and Families

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018 on our consideration of Casa Pacifica's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Casa Pacifica's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

December 5, 2018
Los Angeles, California

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

STATEMENT OF FINANCIAL POSITION

June 30, 2018

ASSETS	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash and Cash Equivalents	\$ 2,886,052	\$ 1,966,907	\$ -	\$ 4,852,959
Investments	1,350,199	51,907	13,775	1,415,881
Contracts Receivable (Net)	4,365,116	-	-	4,365,116
Pledges Receivable	-	25,526	-	25,526
Prepaid Expenses and Other Assets	462,900	-	-	462,900
Beneficial Interest in Assets Held by Others	133,443	-	-	133,443
Property and Equipment (Net)	14,288,712	-	-	14,288,712
TOTAL ASSETS	\$ 23,486,422	\$ 2,044,340	\$ 13,775	\$ 25,544,537
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable	\$ 2,641,678	\$ -	\$ -	\$ 2,641,678
Accrued Payroll Liabilities	1,717,095	-	-	1,717,095
Other Accrued Liabilities	1,892,927	-	-	1,892,927
Line of Credit	1,400,000	-	-	1,400,000
Note Payable	750,000	-	-	750,000
TOTAL LIABILITIES	8,401,700	-	-	8,401,700
NET ASSETS:				
Unrestricted - Undesignated	14,230,465	-	-	14,230,465
Unrestricted - Board Designated	854,257	-	-	854,257
Temporarily Restricted	-	2,044,340	-	2,044,340
Permanently Restricted	-	-	13,775	13,775
TOTAL NET ASSETS	15,084,722	2,044,340	13,775	17,142,837
TOTAL LIABILITIES AND NET ASSETS	\$ 23,486,422	\$ 2,044,340	\$ 13,775	\$ 25,544,537

The Accompanying Notes are an Integral Part of These Financial Statements

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PROGRAM SERVICE REVENUE:				
Government Grants and Contracts	\$ 22,239,887	\$ -	\$ -	\$ 22,239,887
Non-Government Service Contracts	4,093,891	-	-	4,093,891
TOTAL PROGRAM SERVICE REVENUE	26,333,778	-	-	26,333,778
PUBLIC SUPPORT:				
Grants and Contributions	258,686	2,206,047	-	2,464,733
Special Events (Net of Costs of Direct Donor Benefits of \$1,314,334)	751,164	-	-	751,164
In-Kind Contributions	486,103	-	-	486,103
TOTAL PUBLIC SUPPORT	1,495,953	2,206,047	-	3,702,000
TOTAL PROGRAM SERVICE REVENUE AND PUBLIC SUPPORT	27,829,731	2,206,047	-	30,035,778
OPERATING EXPENSES:				
Program Services	24,551,517	-	-	24,551,517
Management and General	4,140,777	-	-	4,140,777
Fundraising	976,125	-	-	976,125
TOTAL OPERATING EXPENSES	29,668,419	-	-	29,668,419
Net Assets Released from Purpose Restrictions	9,063,078	(9,063,078)	-	-
CHANGE IN NET ASSETS FROM OPERATIONS	7,224,390	(6,857,031)	-	367,359
Investment Income (Net)	120,968	(47)	-	120,921
Other Income	9,291	-	-	9,291
CHANGE IN NET ASSETS	7,354,649	(6,857,078)	-	497,571
Net Assets - Beginning of Year, as Restated	7,730,073	8,901,418	13,775	16,645,266
NET ASSETS - END OF YEAR	\$ 15,084,722	\$ 2,044,340	\$ 13,775	\$ 17,142,837

The Accompanying Notes are an Integral Part of These Financial Statements

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries and Wages	\$ 14,941,429	\$ 2,219,879	\$ 527,270	\$ 2,747,149	\$ 17,688,578
Payroll Taxes	1,091,557	146,883	38,598	185,481	1,277,038
Employee Benefits	2,665,993	428,369	63,563	491,932	3,157,925
TOTAL PERSONNEL COSTS	18,698,979	2,795,131	629,431	3,424,562	22,123,541
Facilities Rental	648,542	77,737	-	77,737	726,279
Computer Expenses	533,821	128,018	44,086	172,104	705,925
Professional Fees	542,313	54,678	2,640	57,318	599,631
Outside Services	383,612	153,300	62,348	215,648	599,260
Food Costs	518,894	5,989	-	5,989	524,883
In-Kind Goods and Services	384,895	41,708	44,693	86,401	471,296
Auto Expense	397,786	4,875	418	5,293	403,079
Repairs and Maintenance	165,213	198,704	20,454	219,158	384,371
Advertising and Recruiting	196,836	117,766	62,158	179,924	376,760
Insurance	307,070	14,914	24,001	38,915	345,985
Depreciation	282,695	41,608	4,985	46,593	329,288
Child Related Costs	303,986	706	2,849	3,555	307,541
Conferences and Meetings	220,829	53,021	8,208	61,229	282,058
Supplies	209,285	33,509	2	33,511	242,796
Utilities	222,514	11,858	192	12,050	234,564
Telephone	190,421	21,682	2,383	24,065	214,486
Equipment Maintenance and Rental Costs	99,086	29,996	-	29,996	129,082
Office Expenses	51,585	65,294	6,569	71,863	123,448
Transportation and Travel	105,001	5,810	2,405	8,215	113,216
Provision for Uncollectible Contracts Receivable	-	108,000	-	108,000	108,000
Taxes and Licenses	66,594	28,892	8,437	37,329	103,923
Interest	-	86,293	15,000	101,293	101,293
Dues and Subscriptions	7,635	44,125	5,190	49,315	56,950
Printing	10,700	3,165	19,582	22,747	33,447
Postage	3,186	10,060	3,044	13,104	16,290
Education and Training	-	2,441	4,500	6,941	6,941
Board Expenses	39	1,497	2,550	4,047	4,086
TOTAL FUNCTIONAL EXPENSES	\$ 24,551,517	\$ 4,140,777	\$ 976,125	\$ 5,116,902	\$ 29,668,419
	83%	14%	3%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

STATEMENT OF CASH FLOWS

Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$	497,571
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		329,288
Provision for Uncollectible Accounts Receivable		108,000
Net Unrealized and Realized Gains		(58,726)
Donated Stock		(265,873)
Proceeds from Sale of Donated Stock		263,807
Contributions Restricted for Capital Campaign		(1,211,190)
Increase in:		
Contracts Receivable		(205,597)
Prepaid Expenses and Other Assets		(10,241)
Increase (Decrease) in:		
Accounts Payable		1,686,860
Accrued Payroll Liabilities		(30,780)
Other Accrued Liabilities		(37,922)
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,065,197

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of Property and Equipment		(7,876,112)
Reinvested Interest and Dividends		(62,195)
Proceeds from Sales of Investments		240,908
NET CASH USED IN INVESTING ACTIVITIES		(7,697,399)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from Line of Credit (Net)		400,000
Proceeds from Contributions Restricted for Capital Campaign		1,635,924
NET CASH PROVIDED BY FINANCING ACTIVITIES		2,035,924
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,596,278)
Cash and Cash Equivalents - Beginning of Year		9,449,237
CASH AND CASH EQUIVALENTS - END OF YEAR	\$	4,852,959

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash Paid during the Year for Interest	\$	101,293
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The Accompanying Notes are an Integral Part of These Financial Statements

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 1 - ORGANIZATION

Casa Pacifica Centers for Children and Families (Casa Pacifica) was conceived as a state of the art residential trauma care and treatment center designed to provide comprehensive assessment, treatment, medical, and education services in the context of 24-hour care to meet the needs of Ventura County's most vulnerable children. The public/private collaboration that resulted opened in 1994 and remains unique in the State.

In 2000, Casa Pacifica extended its services off-campus and into the Ventura County community through an intensive, behavioral service intended to be an ancillary, last effort intervention delivered in their homes for children in jeopardy of being removed. In 2003, at the request of Santa Barbara County, Casa Pacifica began providing this same Therapeutic Behavioral Service (TBS) to that community as well. Over the last 18 years Casa Pacifica's programs and services have continued to grow to respond to the increasing needs of the community including services to foster youth "aging out" of child welfare. Most recently, in response to changing public policy initiatives and local needs, Casa Pacifica converted half its shelter beds to brief residential treatment for youth from the private sector through contracts with commercial insurance companies such as Kaiser. In addition, in keeping with a "once in a generation" foster care reform effort effective January 2017, Casa Pacifica obtained a new license called Short-Term Residential Therapeutic Program (STRTP) to continue to provide more intensive residential services to foster care youth with complex trauma and significant behavioral and emotional challenges.

Regardless of program - campus or community - or funding source - public or private - Casa Pacifica meets children and families at the most challenging times and places of their lives and works with them to prevent unnecessary hospitalizations and out-of-home placements, and helps families overcome the barriers to staying together as a family.

Today, with a staff approaching 400 and services provided to thousands of children and youth annually, Casa Pacifica is among the 10 largest nonprofits on California's Central Coast providing residential services, intensive mental health services, and a special education nonpublic school on campus, as well as a wide range of community based services all directed at helping children and youth have the best chance at a successful life. In addition, Casa Pacifica provides highly regarded professional training to staff and local care providers and to professionals throughout California and the nation.

Casa Pacifica is licensed and certified by California's Departments of Social Services, Education, and Health Care Services and its programs and services are accredited by the National Council on Accreditation (COA); the nonpublic special education school carries certification of the Western Association of Schools and Colleges (WASC) and is accredited by the National Council of Accreditation for Special Education Services (NCASES); the mobile crisis team in Santa Barbara County is accredited by the American Association of Suicidology (AAS); and the pre-doctoral internship and post-doctoral fellowship programs are accredited by the American Psychological Association. Casa Pacifica's leadership is active in national, state, interagency and community organizations, collaboratives, task forces and work groups.

Casa Pacifica receives funding from county and state agencies with portions of its funding originating from the Federal government as well as from commercial insurance companies and private payers. Casa Pacifica's pastoral 25 acre campus - five miles from the Pacific Ocean - sits on land leased from Ventura County and upon which operating facilities have been constructed including new buildings funded through a successful and just completed \$16.6 million capital campaign. The lease extends until 2053. Casa Pacifica also receives significant charitable support from the private sector.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of Casa Pacifica are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted - Undesignated.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Unrestricted - Board Designated.** The Board has designated certain unrestricted net assets for various purposes. Such funds include a board designated endowment fund of \$133,443 and a reserve fund to be used for capital and other projects. At June 30, 2018, unrestricted Board-designated net assets were \$854,257.
- **Temporarily Restricted.** Casa Pacifica reports gifts of cash and other assets as temporarily 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 the purpose of the 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 purpose or time restrictions. At June 30, 2018, Casa Pacifica has \$2,044,340 of temporarily restricted net assets.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit Casa Pacifica to expend all of the income (or other economic benefits) derived from the donated assets. At June 30, 2018, Casa Pacifica has \$13,775 of permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

(c) CASH AND CASH EQUIVALENTS

Casa Pacifica has defined cash and cash equivalents as cash in banks and short-term, interest bearing, highly liquid investments with an original maturity of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2018 approximates its fair value.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS

Investments in marketable securities with readily redeemable fair values and all investments in debt securities are recorded at fair value. Investment in real estate property is recorded at the original appraised value which approximates fair value. Interest and dividend income and gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations or by law.

(e) CONTRACTS RECEIVABLE AND RELATED REVENUES

Contracts receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2018, Casa Pacifica has established an allowance for doubtful accounts in the amount of \$237,940, based on an evaluation of collectability.

Revenues from government contracts are recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. A significant portion of Casa Pacifica's income is derived from programs, passed through from several California County Departments of Mental Health (DMH) and involves local, state and federal government funds. Contract service payments are generally provided monthly, but are subject to approval, audit and retroactive adjustment by the various funding agencies. Final settlements with the various funding agencies are taking from six to eight years, with initial findings in many cases not available for one to two years after funding. As a result, at June 30, 2018, Casa Pacifica has established a reserve in the amount of \$1,063,388 for possible uncollected or disallowed DMH revenues for all fiscal years for which final settlements have not been reached.

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues when the pledge is received. Casa Pacifica reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. At June 30, 2018, Casa Pacifica evaluated the collectability of pledges receivable and determined that an allowance for doubtful pledges was not necessary. Pledges receivable at June 30, 2018 of \$25,526 and are expected to be collected in their entirety within one year.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE (continued)

Conditional promises and intentions to give are not included as support until such time as the conditions are substantially met. Intentions to give are not included as support until payments are made or enforceable promises to give are executed.

(g) CONCENTRATIONS

Casa Pacifica places its temporary cash investments with high-credit, quality financial institutions. At times, these may exceed federally insured limits. Casa Pacifica has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

The contracts receivable balance outstanding at June 30, 2018 consists primarily of government contract receivables due from county, state, and federal granting agencies as well as from third-party insurance payers and are generally unsecured. Management evaluates collectability of these balances and establishes an allowance for uncollectible amounts based on this evaluation.

Approximately 70% of Casa Pacifica's program service revenue and public support is provided by various government agencies. Casa Pacifica anticipates that it will continue to run these programs although there can be no assurance that Casa Pacifica will be able to obtain future grant agreements upon the expiration of the current term of the contracts.

Investment securities, in general, are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

(h) BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Casa Pacifica has the unconditional right to receive all of the cash flows from its beneficial interest in certain assets held by Ventura County Community Foundation. Casa Pacifica records its beneficial interest at fair value using the fair value of the underlying funds. The change in value of the beneficial interest is included in the investment income in the statement of activities.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) PROPERTY AND EQUIPMENT

Property and equipment are reported at cost, if purchased or at fair value at the date of donation, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year. The estimated useful lives are as follows:

Buildings and Improvements	40 Years
Equipment and Furnishings	3-7 Years
Leasehold improvements	20 Years, or remaining lease term, if shorter
Vehicles	5 Years

(j) LONG-LIVED ASSETS

Casa Pacifica reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2018.

(k) INCOME TAXES

Casa Pacifica is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

(l) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, were provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions of \$486,103 were received during the year ended June 30, 2018 which satisfied the criteria for recognition. Additionally, Casa Pacifica received \$853,177 of contributed goods and services for its fundraising special events, and this amount is included in the special events revenue and expense in the statement of activities (see Note 14).

A substantial number of volunteers have donated significant amounts of their time to Casa Pacifica. Some of the services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing Casa Pacifica's programs and other activities is summarized on a functional basis in the 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. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Casa Pacifica. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

(n) USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Casa Pacifica's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Casa Pacifica's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

(o) NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For Casa Pacifica, the ASU and subsequent amendments will be effective for the year ending June 30, 2020.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the financial statements. For Casa Pacifica, the ASU will be effective for the year ending June 30, 2021.

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. For Casa Pacifica, the ASU will be effective for the year ending June 30, 2019.

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. For Casa Pacifica, the ASU will be effective for the year ending June 30, 2020.

(p) SUBSEQUENT EVENTS

Casa Pacifica has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2018 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through December 5, 2018, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred except as described in Note 8.

NOTE 3 - INVESTMENTS

Investments at June 30, 2018 consist of the following:

Cash Equivalents	\$	292,634
Equity Mutual Funds and Exchange Traded Funds		971,295
Fixed Income Mutual Funds		141,452
Real Estate Property		10,500
TOTAL INVESTMENTS	\$	1,415,881

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 3 - INVESTMENTS (continued)

Net investment income for the year ended June 30, 2018 consists of the following:

Interest and Dividends	\$	76,529
Realized and Unrealized Gains		58,726
Less: Investment Expenses		<u>(14,334)</u>
<i>INVESTMENT INCOME (NET)</i>	\$	<u>120,921</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

Casa Pacifica has implemented the fair value accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. The standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about Casa Pacifica's assets that are measured at fair value on a recurring basis at June 30, 2018 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash Equivalents	\$ 292,634	\$ 292,634	\$ -	\$ -
Equity Mutual Funds and Exchange Traded Funds	971,295	971,295	-	-
Fixed Income Mutual Funds	141,452	141,452	-	-
Real Estate Property	10,500	-	-	10,500
Beneficial Interest in Assets Held by Others	133,443	-	-	133,443
<i>TOTAL</i>	\$ 1,549,324	\$ 1,405,381	\$ -	\$ 143,943

The fair values of investments within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year. The fair value of the real estate property presented within Level 3 is based on its appraised value. The fair value of the beneficial interest in assets held by others presented within Level 3 is based on the fair value of the underlying assets held at the Ventura County Community Foundation as reported by Ventura County Community Foundation.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

Transfers between Level 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Level 2 and 3 relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels for the year ended June 30, 2018.

There were no changes in the balance of the real estate property presented within Level 3 during the year ended June 30, 2018. The balance of the beneficial interest in assets held by others presented within Level 3 appreciated by \$7,799 during the year ended June 30, 2018.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Casa Pacifica entered into an agreement with Ventura County Community Foundation, whereby Casa Pacifica established a board-designated endowment fund to be held by the Foundation. The funds held can be used for various purposes as determined by the Board and the annual distributions are limited to 5% of the average balance of funds held over the prior twelve quarters calculated on an annual basis. Changes in the fair value of the beneficial interest in assets held by others were as follows during the year ended June 20, 2018:

Balance, June 30, 2017	\$ 125,644
Net Appreciation	7,799
<i>BALANCE, JUNE 30, 2018</i>	<u>\$ 133,443</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018, consist of the following:

Buildings and Improvements	\$ 11,583,509
Construction in Progress	9,941,927
Equipment and Furnishings	2,963,578
Leasehold Improvements	200,667
Vehicles	352,563
<i>TOTAL</i>	25,042,244
Less: Accumulated Depreciation	<u>(10,753,532)</u>
<i>PROPERTY AND EQUIPMENT (NET)</i>	<u>\$ 14,288,712</u>

Total depreciation expense for the year ended June 30, 2018 was \$329,288. Estimated costs to complete the construction in progress are \$5,000,000.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 7 - OTHER ACCRUED LIABILITIES

Other accrued liabilities consisted of the following at June 30, 2018:

DMH Settlement Reserves	\$ 1,063,388
Deferred Compensation Plan Liability [See Note 9(b)]	617,598
Deferred Rent Liability	139,098
Accrued Unemployment Liability	51,483
Contract and Other Advances	21,360
TOTAL ACCRUED LIABILITIES	\$ 1,892,927

NOTE 8 - LINE OF CREDIT

Casa Pacifica has a renewable revolving line of credit agreement with a financial institution in the amount of \$2,200,000. The line of credit matured on November 5, 2018 and was subsequently renewed through February 5, 2019. The line of credit bears a variable interest rate at the U.S. prime rate less 0.5% and the U.S. prime rate was 5.0% at June 30, 2018. The balance outstanding on the line of credit was \$1,400,000 at June 30, 2018. The line is secured by the funds held by Casa Pacifica in its deposit and savings accounts at the financial institution. The line of credit agreement contains certain covenants, which Casa Pacifica was in compliance with at June 30, 2018.

NOTE 9 - NOTE PAYABLE

Casa Pacifica has an unsecured \$750,000 note payable to the Conrad N. Hilton Foundation. The note bears a fixed 2.0% interest rate and matures in November 2021. The note calls for monthly interest-only payments with the principal and any remaining interest due in November 2021. At June 30, 2018, the balance on the note payable was \$750,000.

NOTE 10 - EMPLOYEE BENEFIT PLANS

(a) DEFINED CONTRIBUTION PLAN

Casa Pacifica has a defined contribution plan covering all eligible employees who have completed three months of service and are age twenty-one or older. Casa Pacifica makes matching contributions equal to 100% up to the 5% of the employee's deferred compensation. Casa Pacifica made contributions to the retirement plan of \$399,597 during the year ended June 30, 2018.

(b) DEFERRED COMPENSATION PLAN

Casa Pacifica's Board of Directors entered into an agreement to sponsor an Internal Revenue Code Section 457(b) deferred compensation plan that covers a select group of management employees. The deferred compensation plan liability included in other accrued liabilities on the statement of financial position totaled \$617,598 at June 30, 2018, with the related assets included in investments.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 11 - COMMITMENTS AND CONTINGENCIES

(a) LEGAL PROCEEDINGS

In the ordinary course of conducting its business, Casa Pacifica becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against Casa Pacifica which, from time to time, may have an impact on changes in net assets. Casa Pacifica believes that these proceedings, individually or in the aggregate, would not have a material effect on the accompanying financial statements.

(b) CONTRACTS

Casa Pacifica's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated. However, due to the complexity and timing of the DMH contract settlement process, Casa Pacifica has set aside a reserve of \$1,063,388 for its DMH contracts [see Note 2(d) and Note 7]. The reserve is related to DMH contract years which have not yet been settled by the State of California and its counties. Upon settlement by the State of California and the counties, Casa Pacifica records known prior-year settlements (disallowances, additional funding, contract adjustments, and related year reserves write offs) as contract settlement adjustments.

(c) OBLIGATIONS UNDER OPERATING LEASES

Casa Pacifica leases facilities, vehicles, and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more consist of the following:

Years Ending June 30

2019	\$	767,682
2020		611,444
2021		504,025
2022		299,157
2023		150
Thereafter		<u>4,500</u>
TOTAL	\$	<u><u>2,186,958</u></u>

Rent for facilities, vehicles, and equipment rental expense under operating leases for the year ended June 30, 2018, were \$726,279, \$84,959, and \$37,072, respectively.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2018 are restricted as follows:

Capital Campaign	\$ 1,934,414
Educational Assistance	49,895
Program Services	52,571
Time Restricted	<u>7,460</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	\$ <u>2,044,340</u>

NOTE 13 - ENDOWMENTS

Casa Pacifica's endowments consist of donor-restricted and board-designated funds established for a variety of purposes. Endowment funds established by donor-restricted gifts either provide a permanent endowment, which is to provide a permanent source of income to Casa Pacifica, or a term endowment, which is to provide income for a specified period to Casa Pacifica.

Casa Pacifica's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanently restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for Casa Pacifica's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. Casa Pacifica's investment policy provides for funds to be allocated in a manner that offers the potential for an attractive rate of return, while minimizing volatility. Casa Pacifica's Board of Directors has approved a spending policy whereby funds available for distributions are determined based on 5% of the endowment funds' total market value on June 30 of the previous fiscal year. This policy allows for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy minimizes the probability of invading the principal over the long term.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 13 - ENDOWMENTS (continued)

Endowment Net Asset Composition by Type of Fund at June 30, 2018	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	\$ -	\$ 51,907	\$ 13,775	\$ 65,682
Board-Designated	133,443	-	-	133,443
	<u>\$ 133,443</u>	<u>\$ 51,907</u>	<u>\$ 13,775</u>	<u>\$ 199,125</u>
Changes in Endowment Net Assets for the Year Ended June 30, 2018				
Endowment Net Assets - Beginning of Year	\$ 125,644	\$ 51,954	\$ 13,775	\$ 191,373
Contributions	-	-	-	-
Investment Income	7,799	(47)	-	7,752
Appropriated for Expenditure	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>ENDOWMENT NET ASSETS - END OF YEAR</i>	 <u>\$ 133,443</u>	 <u>\$ 51,907</u>	 <u>\$ 13,775</u>	 <u>\$ 199,125</u>

NOTE 14 - SPECIAL EVENTS

Casa Pacifica conducts various special fundraising events during the year. The revenue and expenses from these activities for the year ended June 30, 2018 were as follows:

Ticket Sales and Sponsorships	\$ 1,212,321
Contributed Goods and Services	<u>853,177</u>
<i>TOTAL SPECIAL EVENTS REVENUES</i>	2,065,498
Costs of Direct Benefits to Donors	<u>(1,314,334)</u>
<i>NET SPECIAL EVENTS REVENUES</i>	<u>\$ 751,164</u>

NOTE 15 - PRIOR YEAR RESTATEMENT

During the year ended June 30, 2018, it was determined that the balance of pledges receivable and temporarily restricted net assets at June 30, 2017 was understated by \$450,260 due to certain promises to give that were not recorded at the time when they were received. During the year ended June 30, 2018, management corrected this error. This adjustment increased beginning temporarily restricted net assets by \$450,260, from \$8,451,158, as previously reported, to \$8,901,418, as restated.

**CASA PACIFICA CENTERS FOR
CHILDREN AND FAMILIES**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2018

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

	Contract and/or Passed through Grantor's Number	Federal CFDA Number	Total Federal Expenditures
FEDERAL AWARDS			
Federal Grantor/Passed Through Grantor/Program or Cluster Title			
MAJOR AWARDS			
U.S. Department of Health and Human Services			
Pass through the California Department of Social Services			
	1566.00.01 / 1566.00.02		
	1566.18.01 / 1566.01.02		
Foster Care - Title IV-E	/ 1566.14.01	93.658	\$ 1,942,128
Training Program	N/A	93.658	<u>310,493</u>
TOTAL MAJOR AWARDS			2,252,621
NON-MAJOR AWARDS			
U.S. Department of Health and Human Services			
Pass through the California Department of Social Services			
Health Services and Resources Administration			
Substance Abuse	G02HP27929	93.243	24,292
U.S. Department of Agriculture			
Pass through the California Department of Education			
National School Breakfast Program	03072-SN-56-R	10.553	21,759
National School Lunch Program	03072-SN-56-R	10.555	22,814
After School Snack Program	03072-SN-56-R	10.555	<u>4,566</u>
Total Child Nutrition Cluster			<u>49,139</u>
TOTAL NON-MAJOR AWARDS			<u>73,431</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,326,052</u>

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2018

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of Casa Pacifica Centers for Children and Families (Casa Pacifica) under programs of the Federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Casa Pacifica, it is not intended to and does not present its financial position, changes in net assets, or cash flows.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

Casa Pacifica has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Awards to Subrecipients

Casa Pacifica has not provided any Federal awards to subrecipients from the Federal expenditures presented in the Schedule.

See Independent Auditor's Report on Supplemental Information

TRANSITIONAL HOUSING PROGRAM PLUS FOSTER CARE (THP+FC) PROGRAM COSTS REPORT (THP+FC-1A)

This form is to collect cost data for the THP+FC program and report actual allowable and reasonable costs. If the corporation provides other services (example: day care, on-site education, adult services, foster family agency, etc.), **costs must be allocated** to the appropriate activity and only the allowable THP+FC program costs are to be reported. The Corporation must describe the methodology used to allocate costs if other than the standard allocation methodology indicated in current regulations (MPP section 11-402.8 et seq.) **NOTE:** A separate cost report form must be completed for each program operated by the corporation.* **Housing Models: Host Family:** placement where the Non Minor Dependent (NMD) lives with a caring adult who has been selected and approved by the transitional housing placement provider. **Single Site:** placement where the NMD lives in an apartment, single family dwelling, or condominium rented or leased by the THP+FC provider - which one or more adult employees of the THP+FC provider resides on site. **Remote Site:** single housing unit where the NMD lives independently but still receives regular supervision from the provider.

CORPORATE NAME: Casa Pacifica Centers for Children and Families	PROGRAM NAME (IF DIFFERENT) THP+FC		CORPORATE NUMBER 1607658	PROGRAM NUMBER 1566.18.01	CORP. FISCAL OR CALENDAR YEAR (MO/YR-MO/YR) 07/17-06/18	
	A	B	C	D	E	F
COST GROUPS	TOTAL PROGRAM AND ADMIN COSTS	OFFSETS (From other funding sources i.e. donation)	THP+FC HOST HOME *	THP+FC SINGLE AND REMOTE SITES *	MANAGEMENT AND GENERAL	PERCENTAGE OF TOTAL THP+FC COSTS
			PROGRAM COSTS		ADMIN COSTS	

I. Personnel Costs

Salary and Wages

1	Executive Director Salary	\$ 5,329	\$ -	\$ -	\$ -	\$ 5,329	0.8%
2	Assistant Director Salary	-					0.0%
3	Case Managers	65,913			65,913		10.2%
4	Program Director/Administrator Salary	48,565			48,565		7.5%
5	Program Mgr./Supervisor	25,023			25,023		3.9%
6	Community Resource Staff	-					0.0%
7	Administrative Support Staff	39,949			7,007	32,942	6.2%
8	Housing Staff	72,100			72,100		11.2%
9	Social Worker Salary (not independent contractor)	-					0.0%
10	Peer Advocate (Youth Position)	11,454			11,454		1.8%
11	Other Personnel Costs (attach detail)	-					0.0%
	Sub-total Salary & Wages	\$ 268,333	\$ -	\$ -	\$ 230,062	\$ 38,271	41.5%

Fringe Benefits and Payroll Taxes

12	Payroll Taxes	\$ 19,159	\$ -	\$ -	\$ 18,011	\$ 1,148	3.0%
13	Workers' Compensation Insurance	5,340			4,957	383	0.8%
14	Retirement	7,688			6,157	1,531	1.2%
15	Health, Dental, Vision, etc.	22,145			19,466	2,679	3.4%
16	Other (attach detail)	21,919			12,260	9,659	3.4%
	Sub-total Fringe Benefits & Payroll Taxes	\$ 76,251	\$ -	\$ -	\$ 60,851	\$ 15,400	11.8%

See Independent Auditor's Report on Supplementary Information

Contracted Services							
17	Social Worker Contract	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
18	Social Work Activities	-					0.0%
19	Other (attach detail)	-					0.0%
Sub-total Contracted Services		\$ -	\$ -	\$ -	\$ -	\$ -	0.0%

TOTAL Personnel Costs	\$ 344,584	\$ -	\$ -	\$ 290,913	\$ 53,671	53.4%
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II. Operational Costs

Operating							
20	Advertising & Recruitment	\$ 669	\$ -	\$ -	\$ 669	\$ -	0.1%
21	Conferences, Meetings, In-Service Training	5,846			5,846		0.9%
22	Home & Sites Support & Training	-					0.0%
23	Liability Insurance	5,150			5,150		0.8%
24	Office, Program & Training Supplies	25,685			25,685		4.0%
25	Professional & Auditing Fees	1,296			1,296		0.2%
26	Administrative Contracts	245			245		0.0%
27	Licenses and Permits	2,326			2,326		0.4%
28	Housing Turn-Over and Preparation Expense	-					0.0%
29	Telephone, Faxes, Internet	-					0.0%
30	Other Costs (attach detail) <small>(Finger printing, background checks, etc.)</small>	-					0.0%
Sub-total Operating		\$ 41,217	\$ -	\$ -	\$ 41,217	\$ -	6.4%

Occupancy							
31	Rent (or cost of ownership #32-35)	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
32	Mortgage Interest (building & related)	-					0.0%
33	Property Insurance	-					0.0%
34	Property Tax	-					0.0%
35	Building Repair & Maintenance	4,035			4,035		0.6%
36	Utilities	-					0.0%
Sub-total Occupancy		\$ 4,035	\$ -	\$ -	\$ 4,035	\$ -	0.6%

Travel and Automobile							
37	Gas, Oil, Maintenance & Repair	\$ 4,144	\$ -	\$ -	\$ 4,144	\$ -	0.6%
38	Staff Mileage Reimbursement Costs	1,596			1,596		0.2%
39	Leased Vehicles Utilities	-					0.0%
40	Auto Insurance	-					0.0%
41	Auto Loan Interest Payment	-					0.0%
Sub-total Travel and Automobile		\$ 5,740	\$ -	\$ -	\$ 5,740	\$ -	0.9%

TOTAL Operational Costs	\$ 50,992	\$ -	\$ -	\$ 50,992	\$ -	7.9%
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III. Direct Client Costs							
42	Monthly Rental Subsidy (or cost of ownership #43-46)	\$ 9,741	\$ -	\$ -	\$ 9,741	\$ -	1.5%
43	Mortgage Interest (building & related)	-					0.0%
44	Property Insurance	-					0.0%
45	Property Tax	-					0.0%
46	Building Repair & Maintenance	142,971			142,971		22.1%
47	Security Deposit	-					0.0%
48	Utilities, Telephone and Internet	9,844			9,844		1.5%
49	Furnishings/Household Items	10,759			10,759		1.7%
50	Client Allowance (personal necessities, food, clothing stipend/laundry, transportation)	-					0.0%
51	Infant Allowance	-					0.0%
52	Other (attach detail)	76,929			76,929		11.9%
TOTAL Direct Client Costs		\$ 250,244	\$ -	\$ -	\$ 250,244	\$ -	38.7%

GRAND TOTAL PROGRAM & ADMIN COSTS	\$ 645,820	\$ -	\$ -	\$ 592,149	\$ 53,671	100.0%
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Fundraising Costs (attach detail)	\$ -	Other Expenses Paid With Donated & Raised Funds (attach detail)	\$ -
Equipment and Property Purchased (attach detail)	\$ -	Organization & Start-up Costs (attach detail)	\$ -

NUMBER OF YOUTH BY MONTH

	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
YEAR(S) - fiscal year will have two different years.....	2017	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018	2018	
NAME OF MONTH - (Jan-Dec or fiscal year months).....	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
NUMBER OF YOUTH.....	12	12	12	11	9	9	10	9	9	10	11	11	125

CDSS USE ONLY

TRANSITIONAL HOUSING PROGRAM - FOSTER CARE (THP+FC) PROGRAM & OTHER REVENUE (THP+FC-1B)

CORPORATE NAME: Casa Pacifica Centers for Children and Families		PROGRAM NAME (IF DIFFERENT) THP+FC
CORPORATE NUMBER 1607658	PROGRAM NUMBER 1566.18.01	CORP. FISCAL/CALENDAR YEAR (MO/YR-MO/YR) 07/17-06/18

REVENUE GROUPS		PROGRAM REVENUE
I. Program Revenue (including infant supplement, etc.)		
1	THP+FC Revenue	\$ 381,120.00
2		-
3		-
4		-
TOTAL Direct Program Revenue		\$ 381,120.00

II. Other Revenue		OTHER REVENUE
(Donations, Fundraising, Refunds, Etc.)		
5	Donations/Grants	\$ 264,700.00
6		-
7		-
8		-
TOTAL Other Revenue		\$ 264,700.00

GRAND TOTAL REVENUE		\$ 645,820.00
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TOTAL PROGRAM COST DISPLAY (FCR 12FFA)

SUBMIT ONE FOR EACH PROGRAM

Number of months in cost reporting period 12

CORPORATE/LICENSEE NAME		PROGRAM NAME (IF DIFFERENT)	CORPORATE NUMBER		PROGRAM NUMBER		AGENCY FISCAL YEAR (MO /YR - MO /YR)	
Casa Pacifica Centers for Children and Fam		Foster Family Agency	1607658		1566.01.02		07/17-06/18	
LINE	(1) LINE ITEMS OF COST	(2) TOTAL (SUM OF COLS. 3 THRU 6)	(3) ADMINISTRATION	(4) RECRUITMENT	(5) TRAINING	(6) SOCIAL WORK	(7) EXPLANATION	
100a	Executive Director Salary	0						
100b	Assistant Director Salary	0						
100c	Administrator Salary	2,383	2,383					
100d	All Other Administrative Salaries	173,258	173,258					
101	Recruitment Payroll	135		135				
102	Training Payroll	2,287			2,287			
110	Administrative Contracts	2,265	2,265					
121	Telephone	-203	-203					
122	Postage and Freight	0						
123	Office Supplies	744	744					
132	Conferences, Meetings, In-Service Training	6,074	6,074					
133	Memberships, Subscriptions, Dues	3,814	3,814					
134	Printing, Publications	46	46					
135	Bonding, General Insurance	1,333	1,333					
137	Advertising	0						
138	Miscellaneous	35,169	35,169					
		227,305	224,883	135	2,287	0		
200	Building and Equipment Payroll	0						
211	Building Rents and Leases	9,032	9,032					
214	Acquisition Mortgage Principal & Interest	0						
215	Property Appraisal Fees	0						
216	Property Taxes	835	835					

See Independent Auditor's Report on Supplementary Information

TOTAL PROGRAM COST DISPLAY (FCR 12FFA)
SUBMIT ONE FOR EACH PROGRAM - CONTINUED

Number of months in cost reporting period 12

CORPORATE/LICENSEE NAME		CORPORATE NUMBER (IF DIFFERENT)	CORPORATE NUMBER	PROGRAM NUMBER	AGENCY FISCAL YEAR (MO/ YR - MO/ YR)		
Casa Pacifica Centers for Children & Fam		Foster Family Agency	1607658	1566.01.02	07/17-06/18		
LINE	(1) LINE ITEMS OF COST	(2) TOTAL (SUM OF COLS. 3 THRU 6)	(3) ADMINISTRATION	(4) RECRUITMENT	(5) TRAINING	(6) SOCIAL WORK	(7) EXPLANATION
217	Building and Equipment Insurance	0					
221	Utilities	1,474	1,474				
222	Building Maintenance	2,605	2,605				
223	Building and Equipment Contracts	3,005	3,005				
224	Building and Equipment Supplies	430	430				
225	Equipment Leases	0					
226	Equipment Depreciation Expense	79	79				
227	Expendable Equipment	0					
228	Building and Equipment Miscellaneous	0					
241	Vehicle Leases	0				0	
242	Vehicle Depreciation	0	0	0	0	0	
243	Vehicle Operating Costs	26	26	0	0	0	
		17,486	17,486	0	0	0	
350	Total Paid to Certified Family Homes	95,856	95,856	0	0	0	
352	Other Child-Related Costs, Not Provided by Certified Family Homes	0					
		95,856	95,856.18	0	0	0	
410	Social Worker Payroll and/or Social Worker Contract	0				0	
440	Direct Care Contracts	0				0	
		0				0	
500	TOTAL EXPENSES	340,647	338,225	135	2,287	0	

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GROUP HOME PROGRAM COSTS REPORT (SR 3)

This form is to collect cost information for the group home program. Report actual allowable and reasonable costs. If the corporation operates more than one group home program and/or the program provides other services (example: day care, on-site education, adult services, foster family agency, etc.) costs **must be allocated** to the appropriate activity and only the allowable group home program costs for the program are to be reported. Describe the methodology used to allocate costs if other than the standard allocation methodology indicated in current regulations (MPP Section 11-402.8 et seq.) NOTE: A separate cost report form must be completed for each group home program operated by the corporation.

Number of months in cost reporting period 12

CORPORATE NAME:		PROGRAM NAME (IF DIFFERENT)	CORPORATE NUMBER	PROGRAM NUMBER	PROVIDER FISCAL YEAR (MO/YR - MO/YR)		
Casa Pacifica Centers for Children and Families		Crises Care Shelter	1607658	1566.14.01	07/17-06/18		
COST GROUPS		A	B	C	D	E	F
		TOTAL PROGRAM COSTS	OFFSETS	REASONABLENESS ADJUSTMENTS	FINAL COSTS (COL. A MINUS COLS. B & C)	PERCENTAGE OF TOTAL COSTS	CDSS USE ONLY
1	Child Care & Supervision	\$3,413,224			\$3,413,224	55.4%	
2	Social Work Activities				\$0	0.0%	
3	Food				\$0	0.0%	
4a	Shelter Costs - Building Rent & Leases	\$408,412			\$408,412	6.6%	
4b	Shelter Costs - Approved by Attorney General Self-Dealing Transactions Affiliated Leases				\$0	0.0%	
4c	Shelter Costs - Acquisition Mortgage: Principal & Interest				\$0	0.0%	
5	Building & Equipment	\$1,233,139			\$1,233,139	20.0%	
6	Utilities	\$4,164			\$4,164	0.1%	
7	Vehicles & Travel	\$77,930			\$77,930	1.3%	
8	Child-Related	\$91,066			\$91,066	1.5%	
9a	Executive Director Salary				\$0	0.0%	
9b	Assistance Director Salary				\$0	0.0%	
9c	Administrator Salary	\$92,166			\$92,166	1.5%	
9d	All Other Admin. Salaries	\$639,745			\$639,745	10.4%	
9e	Financial Audit Costs				\$0	0.0%	
9f	Administration (Minus Admin. Salaries and Financial Audit Costs)	\$196,362			\$196,362	3.2%	
	TOTAL	\$6,156,208	\$0	\$0	\$6,156,208	100.0%	
CDSS USE ONLY							KDE DATE

See Independent Auditor's Report on Supplementary Information

**GROUP HOME PROGRAM
PAYROLL & FRINGE BENEFIT REPORT (SR 4)**

Number of months in cost reporting period: 12

CORPORATE/LICENSEE NAME: Casa Pacifica Centers for Children and Fa	CORPORATE NUMBER: 1607658	PROGRAM NUMBER 1566 14 01	PROVIDER FISCAL YR (MO/YR - MO/YR) 07 17 06 18
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	(1) Child Care & Supervision	(2) Social Work Activities	(3) CDSS USE ONLY
I. PAYROLL (DO NOT INCLUDE BENEFITS)	\$2,718,521		
II. FRINGE BENEFIT EXPENSE			
1. FICA Employer Tax (include MEDICARE)	\$27,631		
2. Unemployment Coverage (State & Federal)	\$181,620		
3. Workers' Compensation Insurance	\$150,601		
4. Medical Insurance Expense	\$290,164		
5. Retirement	\$40,499		
6. Other (Specify on back of form)	\$4,188		
TOTAL FRINGE BENEFITS (Add Lines 1 through 6)	\$694,703	\$0	
III. TOTAL PAYROLL & FRINGE BENEFITS	\$3,413,224	\$0	
IV. CONTRACTOR COSTS			
V. TOTAL (Add Line III and Line IV) Transfer to Column A, Lines 1 and 2, Cost Report (SR 3)	\$3,413,224	\$0	

CDSS USE ONLY

See Independent Auditor's Report on Supplementary Information