

**CASA PACIFICA CENTERS FOR  
CHILDREN AND FAMILIES**

**SINGLE AUDIT REPORTS  
AND FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Casa Pacifica Centers for Children and Families (CPCCF)  
(A California Non-Profit Corporation)  
Camarillo, California

We have audited the accompanying statement of financial position of Casa Pacifica Centers for Children and Families (A California Non-Profit Corporation) as of June 30, 2010 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Casa Pacifica Centers for Children and Families' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Casa Pacifica Centers for Children and Families financial statements and, in our report dated October 27, 2009, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Casa Pacifica Centers for Children and Families' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa Pacifica Centers for Children and Families as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2010, on our consideration of Casa Pacifica Centers for Children and Families' 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Casa Pacifica Centers for Children and Families taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information was prepared according to the accounting principles used for the basic financial statements and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Vasin, Heyn + Co.

November 24, 2010

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2010**  
**(WITH COMPARATIVE TOTALS FOR 2009)**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,202,522	\$ 2,283,136
Investments	869,890	613,489
Contracts receivable	4,481,442	2,810,038
Other receivables	415	11,136
Deposits and prepaid expenses	435,218	439,996
Other asset	122,290	122,290
Property and equipment, net	<u>6,554,825</u>	<u>6,792,601</u>
Total assets	<u>\$ 13,666,602</u>	<u>\$ 13,072,686</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,146,608	\$ 853,546
Accrued payroll and related liabilities	1,605,040	1,536,736
Contract advances	10,000	10,000
Note payable	576,110	625,282
Deferred revenue	<u>28,200</u>	<u>32,795</u>
Total liabilities	3,365,958	3,058,359
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Unrestricted	9,725,226	9,542,721
Temporarily restricted	452,824	359,121
Permanently restricted	<u>122,594</u>	<u>112,485</u>
Total net assets	<u>10,300,644</u>	<u>10,014,327</u>
Total liabilities and net assets	<u>\$ 13,666,602</u>	<u>\$ 13,072,686</u>

See accompanying auditors' reports and  
notes to financial statements.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(WITH COMPARATIVE TOTALS FOR 2009)**

	2010			2009	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>REVENUE AND SUPPORT</b>					
Governmental service contracts	\$ 20,059,645	\$ -	\$ -	\$ 20,059,645	\$ 19,957,377
Contributions and grants	597,283	577,857	-	1,175,140	1,055,186
In-kind contributions	279,736	-	-	279,736	311,038
Interest and dividend income	19,664	-	2,137	21,801	27,159
Gain (loss) on investments	86,934	-	12,007	98,941	(291,864)
Gain (loss) on sale of assets	9,500	-	-	9,500	(33,385)
Other income	22,198	-	-	22,198	50,346
Contract settlements	(23,634)	-	-	(23,634)	34,821
Fundraising events:					
Gross revenue	1,141,067	-	-	1,141,067	882,668
Less: Direct costs	(633,964)	-	-	(633,964)	(374,266)
Fundraising events, net	507,103	-	-	507,103	508,402
Restrictions released	488,189	(484,154)	(4,035)	-	-
Total revenue, support and restrictions released	22,046,618	93,703	10,109	22,150,430	21,619,080
<b>EXPENSES</b>					
Program services	19,036,930	-	-	19,036,930	18,538,529
Support services	2,457,913	-	-	2,457,913	2,375,675
Fundraising expenses	369,270	-	-	369,270	391,618
	<u>21,864,113</u>	<u>-</u>	<u>-</u>	<u>21,864,113</u>	<u>21,305,822</u>
<b>CHANGE IN NET ASSETS</b>	182,505	93,703	10,109	286,317	313,258
<b>NET ASSETS - beginning of year</b>	<u>9,542,721</u>	<u>359,121</u>	<u>112,485</u>	<u>10,014,327</u>	<u>9,701,069</u>
<b>NET ASSETS - end of year</b>	<u>\$ 9,725,226</u>	<u>\$ 452,824</u>	<u>\$ 122,594</u>	<u>\$ 10,300,644</u>	<u>\$ 10,014,327</u>

See accompanying auditors' reports and  
notes to financial statements.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(WITH COMPARATIVE TOTALS FOR 2009)**

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising Expenses</u>	<u>2010 Total Expenses</u>	<u>2009 Total Expenses</u>
<b>Salaries and related expenses</b>					
Salaries	\$ 11,614,490	\$ 1,643,452	\$ 214,729	\$ 13,472,671	\$ 13,604,933
Payroll taxes	971,569	127,881	16,795	1,116,245	1,122,198
Employee benefits	<u>1,676,985</u>	<u>251,788</u>	<u>29,881</u>	<u>1,958,654</u>	<u>1,688,864</u>
	14,263,044	2,023,121	261,405	16,547,570	16,415,995
<b>Other expenses</b>					
Advertising and recruiting	12,314	34,275	214	46,803	47,127
Auto expense	168,522	12,995	90	181,607	165,521
Bad debt	166,377	-	-	166,377	90,000
Board expenses	15	13,543	1,022	14,580	19,475
Child related costs	142,073	-	241	142,314	231,173
Computer expenses	596,649	81,130	13,624	691,403	358,073
Conferences and meetings	88,848	46,208	2,529	137,585	84,624
Dues and subscriptions	3,312	47,748	6,942	58,002	45,497
Education and training	25,615	62,087	184	87,886	110,626
Equipment maintenance and rental	64,817	32,207	9,512	106,536	88,919
Food costs	367,005	-	-	367,005	373,766
In-kind expenses	212,292	83,155	170	295,617	142,978
Insurance	175,672	10,160	2,320	188,152	194,151
Interest expense	-	53,226	81	53,307	55,494
Office expenses	33,710	32,122	9,797	75,629	75,358
Outside services	78,108	91,456	4,212	173,776	221,908
Postage	723	16,169	3,640	20,532	21,848
Printing	3,138	14,222	16,605	33,965	39,670
Professional fees	145,883	133,889	78	279,850	341,713
Rent	636,932	21,874	21,875	680,681	624,512
Repairs and maintenance	100,483	142,455	-	242,938	200,813
Small equipment	37,953	28,979	5,795	72,727	44,070
Supplies	117,092	2,237	3,543	122,872	182,572
Taxes and licenses	49,503	37,617	2,162	89,282	69,410
Telephone	97,395	22,526	2,548	122,469	120,015
Transportation and travel	123,065	5,001	681	128,747	120,835
Utilities	57,973	130,616	-	188,589	202,587
Allocated facility expense	<u>1,183,661</u>	<u>(1,183,661)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	18,952,174	1,995,357	369,270	21,316,801	20,688,730
Depreciation	<u>84,756</u>	<u>462,556</u>	<u>-</u>	<u>547,312</u>	<u>617,092</u>
	<u>\$ 19,036,930</u>	<u>\$ 2,457,913</u>	<u>\$ 369,270</u>	<u>\$ 21,864,113</u>	<u>\$ 21,305,822</u>

See accompanying auditors' reports and  
notes to financial statements.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(WITH COMPARATIVE TOTALS FOR 2009)**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 286,317	\$ 313,258
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	547,312	617,092
(Gain) loss on investments	(98,941)	291,863
(Gain) loss on sale of fixed assets	(9,500)	33,385
(Increase) decrease in:		
Contracts receivable	(1,671,404)	903,348
Other receivables	10,721	7,795
Deposits and prepaid expenses	4,778	(20,210)
Other assets	-	(33,040)
Increase (decrease) in:		
Accounts payable and accrued expenses	293,062	4,275
Accrued payroll and related liabilities	68,304	4,461
Contract advances	-	(175,421)
Deferred revenue	<u>(4,596)</u>	<u>14,950</u>
Total adjustments	<u>(860,264)</u>	<u>1,648,498</u>
Net Cash Provided (Used) by Operating Activities	(573,947)	1,961,756
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Payments related to the acquisition of capital assets	(309,536)	(201,392)
Proceeds from sale of fixed assets	9,500	23,302
Proceeds from sale of investments	758,311	254,492
Purchase of investments	<u>(915,771)</u>	<u>(285,280)</u>
Net Cash Provided (Used) by Investing Activities	<u>(457,496)</u>	<u>(208,878)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of debt not attributable to capital purposes	-	(600,000)
Proceeds of borrowings for capital purposes	175,160	515,000
Principal repayments related to capital purposes	<u>(224,331)</u>	<u>(141,655)</u>
Net Cash Provided (Used) by Financing Activities	<u>(49,171)</u>	<u>(226,655)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(1,080,614)	1,526,223
<b>CASH AT BEGINNING OF YEAR</b>	<u>2,283,136</u>	<u>756,913</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 1,202,522</u>	<u>\$ 2,283,136</u>
<b>Supplemental disclosures:</b>		
Interest paid	<u>\$ 53,307</u>	<u>\$ 55,494</u>

See accompanying auditors' reports and notes to financial statements.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**1. ORGANIZATION**

The Youth Connection of Ventura County d.b.a. Casa Pacifica (“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 and perhaps the country. During the year ending June 30, 2008, Casa Pacifica formally changed its name to Casa Pacifica Centers for Children and Families.

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. In the last four years, Casa Pacifica’s community-based programs in both Counties now include TBS, a comprehensive “Wraparound” program with motto “whatever it takes” to keep families together, and a mobile intensive response crisis unit for psychiatric emergencies involving children and youth. All of these services are directed at children and families in the most challenging times and places of their lives and are designed to prevent out-of-home placement and help families over the barriers to their staying together.

Casa Pacifica is licensed and certified by California’s Departments of Social Services, Mental Health, Education, and Health Services and its programs and services are accredited by the National Council on Accreditation (COA) and the nonpublic special education school carries certification of the Western Association of Schools and Colleges (WASC). Casa Pacifica is active in national, state, interagency and community organizations, collaboratives, task forces, and work groups.

Casa Pacifica provides residential services, an emergency shelter, day treatment, and a non-public school on site. Casa Pacifica’s trained professionals, along with county partners, work with these children and their families in an effort to stop the cycle and heal the pain of abuse and neglect.

Casa Pacifica receives funding from county and state agencies with portions of their funding originating from the federal government. Casa Pacifica also receives funding from private sources.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Casa Pacifica prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America for NFPs. The significant accounting and reporting policies used by Casa Pacifica are described below to enhance the usefulness and understandability of the financial statements.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Financial Statement Presentation*

The financial statements are presented based on ASC Topic 958, *Not-for-Profit Entities*. ASC Topic 958, Sections 210 and 225 requires classification of Casa Pacifica's net assets, revenues as well as expenses based on the existence or absence of donor-imposed restrictions. The statement requires presentation of the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – in the statement of financial position and the amounts of change in each of those classes of net assets in the statement of activities.

*Net Assets*

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

- *Unrestricted net assets.* Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting for the nature of Casa Pacifica, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Temporarily restricted net assets.* Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Casa Pacifica's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by Casa Pacifica, unless the donor provides more specific directions about the period of its use.
- *Permanently restricted net assets.* Permanently restricted net assets are resources whose use by Casa Pacifica is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of Casa Pacifica's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is Casa Pacifica's beneficial interest in a perpetual charitable trust held by a bank trustee.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Cash Equivalents*

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

*Receivables*

Receivables are primarily unsecured amounts due from grantors on cost reimbursement or performance grants.

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

A significant portion of Casa Pacifica's income is derived from pass through counties' DMH programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediaries. As of June 30, 2010, Casa Pacifica has made a provision of \$775,000 for the possible disallowance of DMH revenues for all fiscal years for which final settlements have not been reached. Such allowance is established by management's best estimate based on past experience.

Other receivables consist of various education assistance advances and other non-government receivables deemed fully collectible at June 30, 2010.

*Accounting for Contributions*

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Contributed Goods and Services*

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Casa Pacifica benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in Casa Pacifica's program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements.

*Government Revenue*

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Office of Management and Budget Circular A-133 and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, Casa Pacifica's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of Casa Pacifica.

*New Accounting Standards*

Casa Pacifica measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires Casa Pacifica to develop its own assumptions. Casa Pacifica uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Casa Pacifica measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. Assets reported at fair value at June 30, 2010, are Level 1 and Level 3 inputs.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Property and Equipment*

Land, buildings, property, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land, buildings, and property are capitalized. Equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Appliances	7 years
Buildings and improvements	40 years
Furniture and Equipment	3-5 years
Infrastructure items: phone system, voicemail	7 years
Landscaping	3 years
Leasehold improvements	20 years, or remaining lease term, if shorter
Software, Computers and printers	1- 3 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

*Income Taxes*

Casa Pacifica is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code.

Casa Pacifica has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2010, Casa Pacifica had no material unrecognized tax benefits, tax penalties or interest.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Expense Recognition and Allocation*

The cost of providing Casa Pacifica's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

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. Casa Pacifica generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

*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.

*Comparative Totals*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Casa Pacifica's financial statements for the year ended June 30, 2009 from which the summarized information was derived.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

**3. FAIR VALUE MEASUREMENTS**

Casa Pacifica reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which Casa Pacifica has access at the measurement date.
  
- *Level 2* - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
  
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

When available, Casa Pacifica measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

**4. INVESTMENTS**

Investments consist of the following at June 30, 2010:

	<u>Fair Value</u>
Mutual funds – closed end funds	\$ 789,101
Marketable alternative investments	47,257
U.S. common stocks	23,032
Real assets	<u>10,500</u>
Total Investments	<u>\$ 869,890</u>

As discussed in Note 3 to these financial statements, Casa Pacifica is required to report its fair value measurements in one of three levels, which are based on the ability to observe in the marketplace the inputs to Casa Pacifica’s valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of the June 30, 2010. Level 2 is for investments measured using inputs such as quoted prices for similar assets, quoted prices for the identical asset in inactive markets, and for investments measured at net asset value that can be redeemed in the near term. Level 3 is for investments measured using inputs that are unobservable, and is used in situations for which there is little, if any, market activity for the investment.

	<u>Total</u>	<u>Level 1</u>	<u>Level 3</u>
Mutual funds – closed end funds	\$ 789,101	\$ 789,101	\$ -
Marketable alternative investments	47,257	47,257	-
U.S. common stocks	23,032	23,032	-
Real assets	<u>10,500</u>	<u>-</u>	<u>10,500</u>
	<u>\$ 869,890</u>	<u>\$ 859,390</u>	<u>\$ 10,500</u>

At June 30, 2010, Casa Pacifica did not have any investments measured using level 2 inputs.

The composition of the investment return reported in the statement of activities as follows:

	<u>Fair Value</u>
Interest and dividends	\$ 21,801
Unrealized and realized net gains on investments	<u>98,941</u>
Total investment return	<u>\$ 120,742</u>

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

**5. PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2010, consist of the following:

Building	\$ 1,835,394
Buildings and facilities	8,603,182
Equipment and furnishings	2,569,735
Leasehold improvements	180,587
Vehicles	714,406
	<u>13,903,304</u>
Less: accumulated depreciation	<u>(7,348,479)</u>
	<u>\$ 6,554,825</u>

**6. ACCRUED UNEMPLOYMENT LIABILITY**

Casa Pacifica has elected to be self-insured for the purposes of California State Unemployment Insurance. Estimated accrued unemployment liability at June 30, 2010, of \$134,373 represents estimated future claims arising from payroll paid to June 30, 2010. Unemployment expense for the year ended June 30, 2010, was \$163,649.

**7. NOTE PAYABLE**

Casa Pacifica has two notes payable to California Health Facilities Financing Authority at June 30, 2010, in the combined amount of \$422,407. The notes carry an interest rate of 3% and require monthly payments of principal and interest. The first note, granted in December 2005 is secured by campus equipment, has a remaining balance of \$45,578, a monthly payment of \$8,984 and matures in December 2010. The second note granted in January 2009 is secured by campus buildings, has monthly payments of \$9,254, a June 30, 2010, remaining balance of \$376,829 and matures in January 2014.

Casa Pacifica also has a bank loan secured by company assets at a variable interest rate with a floor of 6%. The balance outstanding at June 30, 2010, is \$153,703 which matures on July 13, 2014. Notes mature as follows:

<u>Year ended June 30,</u>	
2011	\$ 189,228
2012	149,370
2013	155,379
2014	82,133
	<u>\$ 576,110</u>

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**7. NOTE PAYABLE - Continued**

In addition, Casa Pacifica had an annually renewable revolving bank line of credit maturing June 18, 2010 in the amount of \$1,000,000 which bears interest at the prime rate, with an interest rate floor of 4.75%. At June 30, 2010, a new line of credit was being negotiated.

Casa Pacifica also has a Standby Letter of Credit securing its lease commitment on the office building at 975 Flynn Road, Camarillo. The Letter matures in September annually until the expiration of the lease in December 2016. The Letter reduces in value by \$50,000 in January each year. At June 30, 2010, the value of the letter was \$350,000. In the event that funds had to be drawn on the letter, the interest rate is set at the Prime Rate with a floor of 4.5%.

**8. OPERATING LEASE COMMITMENTS**

*Obligations Under Operating Leases*

Casa Pacifica leases facilities 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:

<u>Year ended June 30,</u>	
2011	\$ 802,786
2012	683,536
2013	659,579
2014	582,719
2015	528,268
Thereafter	666,520
	<u>\$ 3,923,408</u>

Rent expense under operating leases for the year ended June 30, 2010, was \$680,681.

**9. DEFERRED COMPENSATION PLAN**

Casa Pacifica's Board of Directors entered into an agreement to sponsor an Internal Revenue Code Section 457 Deferred Compensation Plan (the Plan) that covers the Chief Executive Officer and Chief Financial Officer. As of June 30, 2010, \$195,856 has been accrued toward the Plan (xxxxxx5) for the Chief Executive Officer and Chief Financial Officer, with the related assets included in investments.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

**10. RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2010, consist of the following:

Capital Projects	\$ 231,143
Family Finding Project	7,097
La Morada	103,627
Transitional Age Youth	85,908
Children's Needs	17,718
Scholarships	<u>7,331</u>
	<u>\$ 452,824</u>

Permanently restricted net assets at June 30, 2010, consist of the following:

Endowment Fund at VCCF	\$ 110,416
Scholarship Fund	<u>12,178</u>
	<u>\$ 122,594</u>

**11. COMMITMENTS AND CONTINGENCIES**

*Grant*

Casa Pacifica entered into a grant agreement with the County of Ventura to help fund the cost of the design, location, and establishment of crisis care and residential treatment center facilities for abused, neglected, abandoned, and other high-risk children in Ventura County. As part of this grant agreement the County of Ventura retains the right to occupy, rent-free, a specific portion of the square footage of the facility actually constructed.

*Community Development Block Grants*

The County of Ventura has utilized a portion of its community development block grants to enable Casa Pacifica to renovate certain properties and install security and safety devices. In return, Casa Pacifica issued grants of lien and has assigned a portion of its proceeds to the County of Ventura in the event of possible future sale of the properties. It is not possible at this time to determine the extent of Casa Pacifica's liability, if any.

*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.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

**12. SUBSEQUENT EVENTS**

Casa Pacifica has evaluated events subsequent to June 30, 2010, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 24, 2010, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**13. CONCENTRATION RISK**

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. Casa Pacifica deposits its cash with high quality financial institutions, and management believes Casa Pacifica is not exposed to significant credit risk on those amounts.

For the year ended, June 30, 2010, Casa Pacifica derived 53.9% of its earned revenue from its mental health programs, 25.5% of its revenue from its residential programs, and 7.8% of its revenue from its non-public school programs.

The majority of Casa Pacifica's contributions and grants are received from corporations, foundations, and individuals and from agencies throughout the state of California. As such, Casa Pacifica's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for Casa Pacifica's services.

Casa Pacifica's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to Casa Pacifica's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

**GOVERNMENT AUDIT SECTION**

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unqualified.

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  No

Type of auditors' report issued on compliance for major programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.658	Foster Care_Title IV-E
93.778	Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$476,508

Auditee qualified as low-risk auditee?  Yes  No

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.

**INDEPENDENT AUDITORS' 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***  
**(*NO MATERIAL WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED, NO***  
***REPORTABLE INSTANCES OF NONCOMPLIANCE OR OTHER MATTERS IDENTIFIED*)**

To the Board of Directors of  
Casa Pacifica Centers for Children and Families (CPCCF)  
(A California Non-Profit Corporation)  
Camarillo, California

We have audited the financial statements of Casa Pacifica Centers for Children and Families (A California Non-Profit Corporation) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 24, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Casa Pacifica Centers for Children and Families' internal control over financial reporting as a basis for designing our auditing procedures 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 Centers for Children and Families' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Casa Pacifica Centers for Children and Families' internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Casa Pacifica Centers for Children and Families' financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vorwin, Hays + Co.

November 24, 2010

**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133  
(UNQUALIFIED OPINION ON COMPLIANCE; NO MATERIAL WEAKNESSES OR SIGNIFICANT  
DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE IDENTIFIED)**

To the Board of Directors of  
Casa Pacifica Centers for Children and Families (CPCCF)  
(A California Non-Profit Corporation)  
Camarillo, California

Compliance

We have audited Casa Pacifica Centers for Children and Families (A California Non-Profit Corporation) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Casa Pacifica Centers for Children and Families' major federal programs for the year ended June 30, 2010. Casa Pacifica Centers for Children and Families' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Casa Pacifica Centers for Children and Families' management. Our responsibility is to express an opinion on Casa Pacifica Centers for Children and Families' compliance based on our audit.

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 OMB Circular A-133. Those standards and OMB Circular A-133 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 Centers for Children and Families' 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. Our audit does not provide a legal determination of Casa Pacifica Centers for Children and Families' compliance with those requirements.

In our opinion, Casa Pacifica Centers for Children and Families complied, in all material respects, with the 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, 2010.

## Internal Control Over Compliance

Management of Casa Pacifica Centers for Children and Families is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Casa Pacifica Centers for Children and Families' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Centers for Children and Families' internal control over compliance.

*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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vorwin, Hays + Co.

November 24, 2010

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES  
(A California Non-Profit Corporation)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010  
(FEIN 77-0195022)**

Federal Grantor, Pass Through Grantor, Program Title	Federal CFDA Number	Government Revenue		Program Expenditures From Government Revenue
		Federal	Nonfederal	
<b>MAJOR PROGRAMS</b>				
<b>U.S. Department of Health and Human Services</b>				
Passed Through the California Department of Social Services				
Foster Care - Title IV-E	93.658	\$ 2,320,536	\$ 2,825,047	\$ 5,145,583
Training Program	93.658	238,000	-	238,000
<b>Foster Care_ Title IV-E</b>	<b>93.658</b>	<b>2,558,536</b>	<b>2,825,047</b>	<b>5,383,583</b>
Passed Through the California Department of Social Services				
Passed Through the County of Ventura	93.778	3,460,190	3,065,792	6,525,982
Passed Through Various Counties	93.778	2,187,198	1,718,512	3,905,710
<b>Medical Assistance Program</b>	<b>93.778</b>	<b>5,647,388</b>	<b>4,784,304</b>	<b>10,431,692</b>
<b>TOTAL MAJOR PROGRAMS EXPENDITURES</b>		<b>\$ 8,205,924</b>	<b>\$ 7,609,351</b>	<b>\$ 15,815,275</b>
<b>OTHER FEDERAL PROGRAMS</b>				
<b>U.S. Department of Agriculture</b>				
Passed Through the California Department of Education				
<b>School Breakfast Program</b>	<b>10.553</b>	<b>\$ 30,727</b>	<b>\$ -</b>	<b>\$ 30,727</b>
Passed Through the California Department of Education				
<b>National School Lunch Program</b>	<b>10.555</b>	<b>29,286</b>	<b>-</b>	<b>29,286</b>
Passed Through the California Department of Education				
<b>After School Snack Program</b>	<b>10.CFDA</b>	<b>8,321</b>	<b>-</b>	<b>8,321</b>
<b>TOTAL OTHER FEDERAL PROGRAMS</b>		<b>68,334</b>	<b>-</b>	<b>68,334</b>
<b>TOTAL FEDERAL EXPENDITURES</b>		<b>\$ 8,274,258</b>	<b>\$ 7,609,351</b>	<b>\$ 15,883,609</b>
<b>STATE FUNDING</b>				
<b>California Department of Education</b>				
Passed Through Various School Districts				
Special Education		\$ -	\$ 1,468,406	\$ 1,468,406
Transportation		-	170,578	170,578
<b>County of Ventura Human Services Agency:</b>				
Wrap Around Program		-	1,480,456	1,480,456
Shelter Safety Watch and Program Support		-	268,819	268,819
CIRT and PCIT Program Support		-	710,624	710,624
<b>County of Santa Barbara Department of Social Services</b>				
Wrap Around Program		-	383,919	383,919
SAFTY Crisis Response Program		-	180,000	180,000
<b>California State Department of Health and Human Services</b>				
Child Health Disease Prevention/State Medi-Cal		-	40,428	40,428
<b>TOTAL STATE EXPENDITURES</b>		<b>\$ -</b>	<b>\$ 4,703,230</b>	<b>\$ 4,703,230</b>
<b>TOTAL FEDERAL AND STATE EXPENDITURES</b>		<b>\$ 8,274,258</b>	<b>\$ 12,312,581</b>	<b>\$ 20,586,839</b>

The above schedule was prepared using the accrual basis of accounting.  
See accompanying auditors' reports and notes to basic financial statements.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES**  
**(A California Non-Profit Corporation)**  
**NOTES SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(FEIN 77-0195022)**

**1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Casa Pacifica Centers for Children and Families under programs of the federal government for the year ended June 30, 2010. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Casa Pacifica Centers for Children and Families, it is not intended to and does not present the financial position, changes in net assets or cash flows of Casa Pacifica Centers for Children and Families.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES  
(A California Non-Profit Corporation)  
FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

**CURRENT YEAR FINDINGS:**

**2010 Findings:**

There were no 2010 findings noted.

**2010 Questioned Costs:**

There were no 2010 questioned costs noted.

**PRIOR YEARS FINDINGS AND QUESTIONED COSTS:**

**2009 Findings:**

There were no 2009 findings noted.

**2009 Questioned Costs:**

There were no 2009 questioned costs noted.

**2008 Findings:**

There were no 2008 findings noted.

**2008 Questioned Costs:**

There were no 2008 questioned costs noted.