

Child Advocates of San Bernardino County

(A Nonprofit Organization)



**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

CHILD ADVOCATES OF SAN BERNARDINO COUNTY
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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FINANCIAL INFORMATION



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To the Board of Directors
Child Advocates of San Bernardino County
Colton, CA

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Child Advocates of San Bernardino County, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Child Advocates of San Bernardino County as of June 30, 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

February 2, 2018

CHILD ADVOCATES OF SAN BERNARDINO COUNTY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS

Current Assets

Cash & cash equivalents	\$ 117,312
Grants & pledges receivable	19,500
Prepays & security deposit	<u>6,911</u>
Total Current Assets	<u>143,723</u>

Equipment & Furniture

Equipment & furniture (net)	<u>915</u>
Total Equipment & Furniture	<u>915</u>

Total Assets	<u><u>\$ 144,638</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 2,787
Accrued payroll & benefits	<u>17,376</u>
Total Current Liabilities	<u>20,163</u>

Net Assets

Unrestricted	124,475
Temporarily restricted	<u>-</u>
Total Net Assets	<u>124,475</u>
Total Liabilities & Net Assets	<u><u>\$ 144,638</u></u>

CHILD ADVOCATES OF SAN BERNARDINO COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
INCOME			
Donations	\$ 63,713	\$ -	\$ 63,713
Foundations	261,960	-	261,960
United Way support	50,089	-	50,089
Government grants	279,499	-	279,499
Special events (net of direct expenses)	41,808	-	41,808
Miscellaneous income	622	-	622
TOTAL INCOME	697,691	-	697,691
EXPENSES			
Program Services:			
Recruiting & training	147,302	-	147,302
CASA services	381,721	-	381,721
Total Program Services	529,023	-	529,023
Supporting Services:			
Management & general	71,497	-	71,497
Fundraising	68,766	-	68,766
Total Supporting Services	140,263	-	140,263
TOTAL EXPENSES	669,286	-	669,286
Change in net assets	28,405	-	28,405
Beginning net assets	96,070	-	96,070
Ending net assets	\$ 124,475	\$ -	\$ 124,475

CHILD ADVOCATES OF SAN BERNARDINO COUNTY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

NET CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 28,405
<i>Adjustments to reconcile change in net assets to net cash provided by operations:</i>	
Depreciation	1,830
<i>(Increase) decrease in cash due to:</i>	
Accounts receivable	33,900
Deposits & prepaid expenses	5,790
<i>Increase (decrease) in cash due to:</i>	
Accounts payable	(2,182)
Accrued payroll expense	582
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>68,325</u>

NET CASH FLOW FROM INVESTING ACTIVITIES

Purchases of equipment & furniture	<u>-</u>
CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>

NET CASH FLOW FROM FINANCING ACTIVITIES

CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>
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Net Increase (decrease) in Cash	68,325
Beginning cash and cash equivalents	<u>48,987</u>
Ending Cash and Cash Equivalents	<u>\$ 117,312</u>

SUPPLEMENTAL DATA:

Interest paid	<u>\$ 1,840</u>
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CHILD ADVOCATES OF SAN BERNARDINO COUNTY
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services			Supporting Services			Grand Total
	Recruiting & Training	CASA Services	Total	Management & General	Fund Raising	Total	
EXPENSES							
Salary expenses	\$ 116,171	\$ 205,725	\$ 321,896	\$ 37,247	\$ 12,627	\$ 49,874	\$ 371,770
Payroll taxes & fees	3,573	28,580	32,153	3,216	357	3,573	35,726
Employee benefits	3,707	29,656	33,363	3,336	371	3,707	37,070
Total personnel expense	123,451	263,961	387,412	43,799	13,355	57,154	444,566
Conferences & meetings	1,464	708	2,172	269	-	269	2,441
Children's services	-	6,112	6,112	-	-	-	6,112
Equipment rental & maintenance	1,504	3,365	4,869	1,217	1,074	2,291	7,160
Insurance	1,367	10,937	12,304	1,230	137	1,367	13,671
Marketing	2,106	940	3,046	762	672	1,434	4,480
Miscellaneous program expenses	332	5,208	5,540	-	-	-	5,540
Occupancy	4,350	34,801	39,151	3,915	435	4,350	43,501
Office supplies	3,022	15,108	18,130	3,951	1,163	5,114	23,244
Grant writer	-	-	-	-	47,009	47,009	47,009
Professional fees	-	-	-	8,200	-	8,200	8,200
Internet	3,273	26,182	29,455	2,946	325	3,271	32,726
Travel & meals	3,038	6,799	9,837	2,459	2,170	4,629	14,466
Depreciation	384	860	1,244	311	275	586	1,830
Staff & volunteer appreciation	3,011	6,740	9,751	2,438	2,151	4,589	14,340
TOTAL EXPENSES	\$ 147,302	\$ 381,721	\$ 529,023	\$ 71,497	\$ 68,766	\$ 140,263	\$ 669,286

CHILD ADVOCATES OF SAN BERNARDINO COUNTY

NOTE TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Child Advocates of San Bernardino County (the Organization) is a not-for-profit organization incorporated on June 28, 1989, located in San Bernardino, California. It provides services to protect and care for abused, neglected and exploited children who are under the jurisdiction of the San Bernardino County Juvenile Court System. The Organization also provides gang and violence prevention through recruitment, training, and supervision of Court Appointed Special Advocates. It is funded principally by government and foundation grants, donations, private contributions and United Way allocations. It is directed by a volunteer Board of Directors.

Basis of Accounting

The Organization prepares its financial statements using generally accepted accounting principles, which involves the application of accrual accounting, consequently, revenues and gains are recognized when earned, and expense and losses are recognized when incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Income Tax Status

Child Advocates of San Bernardino County is classified as an organization exempt from income tax as described in Internal Revenue Code 501(c)(3) and California Revenue and Taxation Code 23701d. The Organization is classified as other than a "private foundation" by the IRS under section 509(a)(1).

In accordance with accounting standards, which provides accounting and disclosure guidance about uncertain tax positions taken by an organization, management believes that all of the positions taken by the Organization in its federal and state tax returns are more likely than not to be sustained upon examination. Child Advocates of San Bernardino County's federal income tax returns for the prior three tax years remain subject to examination by the Internal Revenue Service. The Organization's California income tax returns for the prior four tax years remain subject to examination by the Franchise Tax Board.

Revenue Recognition

Contributions received are recorded as increases to unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily restricted net assets or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Promises to Give

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Donor-restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted support.

Equipment and Furniture

Acquisitions to property and equipment in excess of \$500 are capitalized and recorded at cost. Donated property is recorded at the estimated fair value at the date of the gift. All capitalized assets are depreciated using the straight-line method over the estimated useful lives of each class of equipment. Maintenance and repair costs are charged to expense as incurred. The estimated useful lives for significant property and equipment categories are as follows: equipment and furniture – 3 to 10 years.

Donated Materials and Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at the fair values at the date of receipt. The Organization received donations in the form of time and effort from various members of the Board and other community volunteers to further the Organization’s programs and objectives. This contribution of time does not meet the criteria under GAAP for reporting and thus is not reflected in the accompanying financial statements. For the year ended June 30, 2017 the Organization had a total of 1,150 volunteer hours.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combining statement of activities. Expenses that can be identified with a specific program or support service are charged directly to that program or service. Expenses that are common to several programs or services are allocated based on methods relevant to the function and management assumptions.

Grants and Contracts

Support received under grants and contracts with federal, state and local governments, and private foundations are recorded as public support when the related service is provided. Grants and contracts receivable represent amounts due for services provided which have not been collected by year end. The allowance for bad debts is recorded on the allowance method. Management monitors receivables and if after diligent collection efforts have failed to collect past due amounts, the Organization determines them to be uncollectible. At year end management determined all receivables to be collectible and no allowance necessary.

2. EQUIPMENT & FURNITURE

The following is a summary of equipment & furniture at June 30, 2017:

	6/30/2016	Additions	Deletions	6/30/2017
Assets:				
Equipment and furniture	\$ 39,797	\$ -	\$ -	\$ 39,797
Total Equipment and Furniture	39,797	-	-	39,797
Accumulated Depreciation	(37,052)	(1,830)	-	(38,882)
Net Equipment and Furniture	\$ 2,745	\$ (1,830)	\$ -	\$ 915

Depreciation for the year ended June 30, 2017 amounted to: \$ 1,830

3. TEMPORARILY RESTRICTED NET ASSETS

Restrictions on net assets relate to restricted contributions received for specific purposes. There were no temporarily restricted net assets at June 30, 2017.

4. PERMANENTLY RESTRICTED NET ASSETS

The Organization had no permanently restricted net assets at June 30, 2017.

5. OPERATING LEASE OBLIGATIONS

Child Advocates of San Bernardino County entered into a lease agreement for office space in Colton originally commencing on July 1, 2015 with a lease term of 5 years. Per the lease agreement, the monthly base rent is \$2,765. The Organization is required to pay for utilities used outside of normal business hours as well as insurance. Total rent expense for the year ended June 30, 2017 amounted to \$43,501.

For the year ended June 30,

2018	\$	33,174
2019		33,174
2020		33,174
Thereafter		-
	\$	<u>99,522</u>

6. STATE AND LOCAL GOVERNMENT GRANTS

Financial awards from state and local government entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or non-compliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any cannot be determined at this date.

7. ACCRUED PAYROLL AND BENEFITS

Sick leave and benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Organization since payment of such benefits is not probable or estimable. Accrued expenses at June 30, 2017 consisted of:

Accrued compensation	\$	7,090
Accrued vacation		<u>10,286</u>
	\$	<u>17,376</u>

8. EMPLOYER SPONSORED RETIREMENT PLAN

Effective January 1, 2004, the Organization adopted an employer sponsored 401(k) plan. The employee directed retirement plan provides an employer matching contribution up to 50% of the employee contribution up to 3% of compensation. Eligible employees over 21 and having completed 9 months of service can participate in the qualified retirement plan and are fully vested after 3 years of employment. There were no employer contributions made during the reported period.

9. CONCENTRATION OF RISK

The Organization maintains a bank account with Union Bank, which is insured by the Federal Deposit Insurance Corporation (FDIC) covering funds up to \$250,000. At various times during the year, the amount on deposit with this financial institution may exceed federal depository insurance limits. At June 30, 2017 the Organization did not have any excess funds on deposit that were not covered by the FDIC.

10. CONCENTRATION OF REVENUE

During the year approximately 40% of total revenue received by the Organization was in the form of government grants. The following agencies awarded the Organization grants:

- Judicial Council
- County of San Bernardino
- Superior Court of San Bernardino

11. SPECIAL EVENTS

Revenue received in excess of the direct cost for the event is considered a contribution from the participant attending the event and has been classified as such. The Organization's special events consisted of the following:

	Munchin	Other	Total
Special events	\$ 29,939	\$ 51,682	\$ 81,621
Less: Direct expenses	(6,689)	(33,124)	(39,813)
Net Special Events	<u>\$ 23,250</u>	<u>\$ 18,558</u>	<u>\$ 41,808</u>

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 2, 2018, the date on which the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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