



Child Advocates of San Bernardino County (A Nonprofit Organization)

Financial Statements and Independent Auditors' Report

For the Year Ended June 30, 2021



Child Advocates of San Bernardino County

Table of Contents
For the Year Ended June 30, 2021

	<u>Page</u>
FINANCIAL INFORMATION	
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6



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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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to 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, 2021, 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.

April 8, 2022

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Child Advocates of San Bernardino County

Statement of Financial Position

June 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$	402,257
Grants receivable		75,948
Prepays and security deposit		2,600
Employee advances		3,150
Total Current Assets		<u>483,955</u>

Other Assets

Equipment and furniture		10,194
Less: accumulated depreciation		(5,002)
Total Other Assets		<u>5,192</u>
Total Assets	\$	<u>489,147</u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$	4,421
Accrued payroll and benefits		61,464
Total Current Liabilities		<u>65,885</u>

Non-Current Liabilities

Paycheck Protection Program loan		113,363
Total Non-Current Liabilities		<u>113,363</u>

Net Assets

Without donor restriction		309,899
With donor restrictions		-
Total Net Assets		<u>309,899</u>
Total Liabilities and Net Assets	\$	<u>489,147</u>

Child Advocates of San Bernardino County

Statement of Activities

For the Year Ended June 30, 2021

	Without Donor Restriction	With Donor Restrictions	Total
INCOME			
Donations	\$ 68,019	\$ -	\$ 68,019
Foundations	292,807	-	292,807
United Way support	1,134	-	1,134
Government grants	671,627	-	671,627
Miscellaneous income	7,553	-	7,553
Paycheck Protection Program	134,525	-	134,525
Gain or (loss) on disposal of asset	(17,537)	-	(17,537)
TOTAL INCOME	1,158,128	-	1,158,128
EXPENSES			
Program Services:			
Recruiting and training	218,855	-	218,855
CASA services	590,648	-	590,648
Total Program Services	809,503	-	809,503
Supporting Services:			
Management and general	125,270	-	125,270
Fundraising	37,780	-	37,780
Total Supporting Services	163,050	-	163,050
TOTAL EXPENSES	972,553	-	972,553
Change in Net Assets	185,575	-	185,575
Beginning Net Assets	124,324	-	124,324
Ending Net Assets	\$ 309,899	\$ -	\$ 309,899

Child Advocates of San Bernardino County

Statement of Functional Expenses

For the Year Ended June 30, 2021

EXPENSES	Program Services			Supporting Services			Grand Total
	Recruiting and Training	CASA Services	Total	Management and General	Fundraising	Total	
Personnel Expense							
Salary expenses	\$ 181,366	\$ 314,790	\$ 496,156	\$ 52,486	\$ 16,337	\$ 68,823	\$ 564,979
Payroll taxes and fees	4,965	39,720	44,685	4,469	497	4,966	49,651
Employee benefits	7,130	57,040	64,170	6,417	713	7,130	71,300
Total Personnel Expense	193,461	411,550	605,011	63,372	17,547	80,919	685,930
Conferences and meetings	2,912	1,407	4,319	534	-	534	4,853
Children's services	-	32,422	32,422	-	-	-	32,422
Insurance	1,086	8,685	9,771	977	109	1,086	10,857
Marketing	392	175	567	142	125	267	834
Miscellaneous program expenses	33	512	545	-	-	-	545
Occupancy	5,148	41,187	46,335	4,634	515	5,149	51,484
Office supplies	6,061	30,306	36,367	7,926	2,331	10,257	46,624
Grant writer	-	-	-	-	14,718	14,718	14,718
Professional fees	-	-	-	37,075	-	37,075	37,075
Internet	7,386	59,084	66,470	6,647	739	7,386	73,856
Travel and meals	2,288	5,121	7,409	1,852	1,634	3,486	10,895
Depreciation expense	-	-	-	2,039	-	2,039	2,039
Staff and volunteer appreciation	88	199	287	72	62	134	421
TOTAL EXPENSES	\$ 218,855	\$ 590,648	\$ 809,503	\$ 125,270	\$ 37,780	\$ 163,050	\$ 972,553

Child Advocates of San Bernardino County

Statement of Cash Flows
For the Year Ended June 30, 2021

NET CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	185,575
<i>Adjustments to reconcile change in net assets to net cash provided by operations:</i>		
<i>Noncash items</i>		
Depreciation		2,039
Forgiveness of Paycheck Protection Program loan		(134,525)
Loss on disposal of asset		17,537
<i>(Increase) decrease in cash due to:</i>		
Accounts receivable		99,847
Deposits and prepaid expenses		12,295
<i>Increase (decrease) in cash due to:</i>		
Accounts payable		(23,430)
Accrued payroll expense		16,155
CASH PROVIDED (USED) BY OPERATING ACTIVITIES		175,493

NET CASH FLOW FROM INVESTING ACTIVITIES

CASH PROVIDED (USED) BY INVESTING ACTIVITIES		-
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NET CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Paycheck Protection Program loan		113,363
Payments on short term note payable		(6,384)
CASH PROVIDED (USED) BY FINANCING ACTIVITIES		106,979

Net Increase (Decrease) in Cash		282,472
Beginning cash and cash equivalents		119,785
Ending Cash and Cash Equivalents	\$	402,257

SUPPLEMENTAL DATA:

Interest paid	\$	1,729
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Note 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 Colton, California. It provides advocacy and mentoring services for abused, neglected, and exploited children and youth who are under the jurisdiction of the San Bernardino County Juvenile Court System including Dependency Court. The Organization's mission is to improve the quality of life for foster youth, juvenile care youth, and foster care alumni through stable and consistent mentoring, advocacy, and supportive services. The organization recruits, screens, trains, and professionally supports and supervises community volunteers to serve as 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 financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The following provides an explanation of net assets categories included in the accompanying financial statements:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

The Organization maintains cash at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC fully insures all funds up to \$250,000.

As of June 30, 2021 the Organization had \$165,200 in excess of the insured amount.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to other long-term purposes are excluded from this definition.

Grants Receivable

Grants receivables represent consideration from state and local government agencies, of which the Organization has an unconditional right to receive. Accounts receivables are stated at the amount management expects to be collected from the outstanding balance. As of June 30, 2021, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Other Assets

Acquisitions to property and equipment in excess of \$500, with useful lives greater than one year, 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. Leasehold improvements 3 – 10 years.

Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of the Organization’s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

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, 2021, the Organization had a total of 8,436 volunteer hours.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, as well as salaries expenses, benefits, payroll taxes and fees, office supplies, insurance, grant writing, marketing, travel and meals and other expenses, which are allocated on the basis of estimates of time, effort, and benefit.

Use of 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 of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Income Tax Status

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 402,257
Grants receivable	75,948
Employee advances	<u>3,150</u>
Financial assets available to meet cash needs	<u><u>\$ 481,355</u></u>

Child Advocates of San Bernardino County monitors its liquidity with the goal of maintaining sufficient financial assets to meet its operating expenses and program objectives.

Note 3 - Operating Lease Obligations

The Organization entered into a lease agreement for office space in Colton commencing on July 1, 2020, with a lease term of 5 years and 2 months. Per the lease agreement, the monthly base rent is \$2,260 and is subject to change based on scheduled increases. The Organization is required to pay for utilities used outside of normal business hours as well as insurance.

The Organization entered into a lease agreement for office space in Apple Valley commencing on November 1, 2019, with a lease term of 3 years. Per the lease agreement, the monthly base rent is \$800 and is subject to change based on scheduled increases.

The Organization entered into a lease agreement for office space in Upland commencing on January 1, 2020, with a lease term of 4 years. Per the lease agreement, the monthly base rent is \$900 and is subject to change based on scheduled increases.

Total rent expense for the year ended June 30, 2021 amounted to \$51,182.

Future minimum lease payments are as follows:

For the year ended June 30:		
	2022	\$ 51,876
	2023	46,676
	2024	44,706
	2025	<u>43,242</u>
		<u><u>\$ 186,500</u></u>

Note 4 - 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.

Note 5 - 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, 2021 consisted of:

Accrued compensation	\$ 22,607
Accrued vacation	<u>38,857</u>
Total	<u>\$ 61,464</u>

Note 6 - Employer Sponsored Retirement Plan

Effective January 1, 2017, the Organization adopted an employer sponsored 401(k) plan. The employee directed retirement plan provides an employer matching contribution of up to 100% of the employee’s contribution up to 3% of compensation. Eligible employees over the age of 21 and having completed 12 months of full-time service can participate in the qualified retirement plan. Employer contributions during the reporting period totaled \$7,866.

Note 7 - Concentration of Revenue

During the year, approximately 58% 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
- Cal OES

Note 8 - Contingencies

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the orders. The Organization has adapted its methods for providing services in order to continue operations and serve its constituents. Management is carefully monitoring the situation and evaluating its options during this time. It is possible that this matter may negatively impact the Organization, however, the ultimate financial impact and duration cannot be estimated at this time, and no adjustments have been made to these financial statements as a result of this uncertainty.

Note 9 - Paycheck Protection Program Loan

In March 2021, the Organization applied for and was approved a \$113,363 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

Note 10 - Subsequent Events

Management has evaluated subsequent events through April 8, 2022, the date on which the financial statements were available to be issued.

Subsequent to year end on November 2021 the entity has received full forgiveness for the Paycheck Protection Program loan totaling \$113,363.

There were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein except the one mentioned above.

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