

**CASA OF LOS ANGELES**  
**(A NONPROFIT ORGANIZATION)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**CASA OF LOS ANGELES**  
**(A NONPROFIT ORGANIZATION)**  
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**June 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT



To the Board of Directors  
CASA of Los Angeles  
Monterey Park, California

### Report on the Financial Statements

We have audited the accompanying financial statements of CASA of Los Angeles (the "Organization"), which comprise the statement of financial position as of June 30, 2013, the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 consolidated financial statements.

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

To the Board of Directors  
CASA of Los Angeles  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA of Los Angeles as of June 30, 2013 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Singer Lewak LLP*

SingerLewak LLP

Los Angeles, California  
October 30, 2013

**CASA OF LOS ANGELES**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2013**

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**ASSETS**

**Assets**

Cash and cash equivalents	\$ 609,280
Restricted cash	474,594
Accounts and pledges receivable	293,118
Prepaid expenses and other current assets	<u>15,248</u>
 Total current assets	 1,392,240
 Accounts and pledges receivable, net of current portion	 385,000
Property and equipment, net	<u>87,738</u>
 <b>Total assets</b>	 <b><u>\$ 1,864,978</u></b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued expenses	\$ <u>186,810</u>
 Total current liabilities	 <u>186,810</u>

**Commitments and contingencies (Note 7)**

**Net assets**

Unrestricted	531,074
Temporarily restricted	<u>1,147,094</u>
 Total net assets	 <u>1,678,168</u>
 <b>Total liabilities and net assets</b>	 <b><u>\$ 1,864,978</u></b>

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

**CASA OF LOS ANGELES**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

	Unrestricted	Temporarily Restricted	Total
<b>Revenue:</b>			
Contributions	\$ 1,000,294	\$ 1,179,027	\$ 2,179,321
Government grants	129,357	-	129,357
Donated volunteer services	3,044,697	-	3,044,697
Donated rent and goods	150,663		150,663
Gala event	956,159		956,159
Special events	21,527	9,000	30,527
Other revenue	55,478	-	55,478
	5,358,175	1,188,027	6,546,202
Net assets released from restrictions:			
Satisfaction of program restrictions	458,523	(458,523)	-
	5,816,698	729,504	6,546,202
<b>Expenses</b>			
Program services	4,696,724	-	4,696,724
Management and general	361,864	-	361,864
Fundraising	684,220	-	684,220
	5,742,808	-	5,742,808
<b>Change in net assets</b>	73,890	729,504	803,394
<b>Net assets, beginning of year</b>	457,184	417,590	874,774
<b>Net assets, end of year</b>	<b>\$ 531,074</b>	<b>\$ 1,147,094</b>	<b>\$ 1,678,168</b>

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

**CASA OF LOS ANGELES**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2013**

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 853,941	\$ 119,102	\$ 150,563	\$ 1,123,606
Accounting	16,385	57,219	2,889	76,493
Advertising and marketing	25,059	570	57,705	83,334
Background checks	9,371	280		9,651
Board expenses	-	8,321	-	8,321
Children support	20,083	-	-	20,083
Employee benefits	122,624	17,103	21,621	161,348
Event expenses	-	-	263,560	263,560
In-kind goods	31,985	-	-	31,985
In-kind rent	97,316	11,868	9,494	118,678
In-kind volunteer advocates	3,044,697	-	-	3,044,697
Insurance	-	14,196	-	14,196
IT and telecommunications	40,007	5,540	7,474	53,021
Office expense	13,757	2,635	8,790	25,182
Other employee benefits expense	90,482	12,620	15,953	119,055
Outreach	6,469	39	199	6,707
Printing	15,404	1,943	2,848	20,195
Professional fees	200,839	98,480	128,137	427,456
Program stipends	8,816	3,230	1,554	13,600
Supplies	19,910	2,782	4,002	26,694
Training expense	29,843	3,222	3,738	36,803
Travel & entertainment	11,755	793	3,265	15,813
Volunteer recognition	24,211	-	-	24,211
Depreciation	13,770	1,921	2,428	18,119
	<u>13,770</u>	<u>1,921</u>	<u>2,428</u>	<u>18,119</u>
Total expenses	<b><u>\$ 4,696,724</u></b>	<b><u>\$ 361,864</u></b>	<b><u>\$ 684,220</u></b>	<b><u>\$ 5,742,808</u></b>

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

**CASA OF LOS ANGELES**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2013**

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Change in net assets	\$ 803,394
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	18,119
Change in grants receivable	(447,356)
Change in prepaid expenses	(6,071)
Change in restricted cash	(207,004)
Change in accounts payable and accrued expenses	<u>41,000</u>
Net cash provided by operating activities	<u>202,082</u>
Cash flows from investing activities:	
Acquisition of fixed assets	<u>(67,577)</u>
Net cash used in investing activities	<u>(67,577)</u>
Net increase in cash	134,505
Cash and cash equivalents, beginning of year	<u>474,775</u>
<b>Cash and cash equivalents, end of year</b>	<b><u><u>\$ 609,280</u></u></b>
Non-cash transactions:	
<b>Donated rent and services</b>	<b><u><u>\$ 3,195,360</u></u></b>

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

**CASA OF LOS ANGELES**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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**NOTE 1 – DESCRIPTION OF OPERATIONS**

CASA of Los Angeles, formerly known as Friends of Child Advocates (“CASA/LA” or the “Organization”), was established in 1983 as the fundraising arm to the Child Advocates program launched in 1978 by the Los Angeles Superior Court. This public-private partnership was one of the first five CASA programs in the nation with the mission of improving the lives of children in foster care. Since March 2010, CASA/LA operates independently as an entirely private, not-for-profit organization fully funded by community donations, its advocacy work made possible by hundreds of Court Appointed Special Advocate (CASA) volunteers supported by a small professional staff.

CASA/LA mobilizes community volunteers to advocate for abused and neglected children caught in the foster care system. A Court Appointed Special Advocate (CASA) is a volunteer appointed by a dependency court judge to represent and advocate for the best interests of an individual foster child. CASA volunteers work to deeply understand a child’s situation and represent their best interests to the professional group assigned to the child’s case. CASAs assist judges by gathering information about the welfare and needs of assigned children, communicating the children’s best interests to the court and following up to assure that court orders are met. In an ever-changing world of attorneys, social workers, teachers, therapists, doctors and foster parents, a CASA volunteer is often the only constant adult anchor and role model for the foster child. The impact of the program has been such that, in 2009, a California Blue Ribbon Commission on Children in Foster Care recommended that every child in foster care be assigned a CASA. CASA/LA’s vision is a Los Angeles in which every foster child has an advocate and the opportunity to thrive.

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

Basis of Presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Asset Classification

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

- Unrestricted net assets are either not restricted by donors or the donor-imposed restrictions have expired.
- Temporarily restricted net assets contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified as the restrictions are satisfied, either by the passage of time or by actions of the Organization.
- Permanently restricted net assets (endowment funds) contain donor-imposed restrictions that stipulate that the resources must be maintained in perpetuity. Income from permanently restricted investments is recorded as temporarily restricted, except where the instructions of the donor specify otherwise and when appropriated for expenditure by the Organization. There were no permanently restricted net assets as of June 30, 2013.

Contributions

Contributions are recorded in unrestricted net assets and are considered to be available for use unless specifically restricted by the donor. Conditional contributions are recognized as revenue and recorded in unrestricted net assets when the conditions on which they depend have been substantially met.

Unconditional promises to give (pledges) are recorded as receivables and contributions, distinguishing between contributions received for each net asset class in accordance with donor-imposed restrictions. An allowance for uncollectible contributions receivable is provided, if necessary, based on management's judgment, including such factors as prior collection history, type of contribution, nature of fundraising activity and when time requirements are expected to be met. There is no allowance recorded as of June 30, 2013.

Occasionally, the County of Los Angeles receives juror fees donated by jurors who specify that these funds be contributed to CASA/LA. When received by CASA/LA, these funds are recorded as unrestricted income. This recording method is used because CASA/LA does not have an objective way to assess how much or when it will receive the funds prior to actually receiving the donations. Juror fees received during the years ended June 30, 2013 totaled \$58,009 and are included in individual contributions in the statement of activities.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Grants Revenue

Revenue from grants is recorded to the extent of expenses incurred applicable to the grant or contract. Any difference between expenses incurred and the total funds received (not to exceed the grant or contract maximum) is recorded as a receivable or an advance, whichever is applicable. Revenue from other grants is recognized on an accrual basis as earned according to the provisions of the grant. Provisions for potential disallowances and overruns are established when appropriate; no such provision has been recorded as of June 30, 2013.

In-Kind Contributed Materials and Facilities

The Organization's facility is located in the Los Angeles County Children's court building. The facility, including the use of utilities and telephone, is provided by the State of California. The value of significant donated services and materials is reflected in the accompanying financial statements. Management estimates the fair value of such services at the date of donation. Materials and use of facilities contributions to the Organization are recognized and recorded at fair value as of the contribution date. Management estimates the fair value of materials and facilities to be approximately \$150,663 for the year ended June 30, 2013.

In-Kind Contributed Services

The Organization's program services rely upon the extensive use of volunteer time. These volunteers receive specialized initial training and must fulfill ongoing continuing education requirements. Management estimates the fair value of those services to be approximately \$3,044,697 for the year ended June 30, 2013, consisting of \$2,955,763 for volunteer advocates and \$88,934 for shelter care/court assistant volunteers. This has been calculated using the Independent Sector Volunteer Rate of \$24.18 per hour for the year ended June 30, 2013.

Gala Event

During the year ended June 30, 2013, the Organization held a gala event which generated revenue from sponsorships, ticket sales, donations as well as through a silent and live auction. From the gala event, revenue totaled \$956,159, and cost of direct expenses totaled \$226,762 for the year ended June 30, 2013.

Cash and Cash Equivalents

The Organization classifies all highly liquid investment instruments purchased with an original maturity of three months or less as cash equivalents.

Restricted Cash

Restricted cash is temporarily restricted cash whose use by the Organization has been limited by donor to a specific time period or purpose.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. The Organization provides for depreciation and amortization of its property and equipment using the straight-line method over estimated useful lives of the related assets as follows:

Telephone and computer equipment	3 - 5 years
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The Organization capitalizes assets \$1,000 and over that meet the capitalization criteria.

Functional Allocation of Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on reasonable allocation methods determined by management.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization is subject to income taxes on any net income that is derived from trade or business regularly carried on and not in the furtherance of the purposes for which it was granted exemption. Management believes that the Organization has not received income from any unrelated trade or business, and as such, no income tax provision has been recorded on the Organization’s financial statements.

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic No. 740, “Uncertainty in Income Taxes” (“ASC 740”), the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions. The Organization recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the year ended June 30, 2013, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions. The Organization is no longer subject to U.S. federal, state or local income tax examinations by tax authorities for years before 2009.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Concentrations of Credit and Market Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, accounts receivable, pledges receivable and grants receivable.

The Organization maintains a bank account at one bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 for interest bearing accounts and unlimited insurance on non-interest bearing accounts. As of June 30, 2013, there were no amounts on deposit in excess of FDIC limits.

Recently Adopted Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update (“ASU”) No. 2011-04, “Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs,” to converge the guidance in U.S. GAAP and International Financial Reporting Standards (“IFRSs”). The amended guidance changed several aspects of the fair value measurement guidance in ASC Topic 820. In addition, the amended guidance includes several new fair value disclosure requirements, including among other things, information about valuation techniques and unobservable inputs used in Level 3 fair value measurements and a narrative description of Level 3 measurements’ sensitivity to changes in unobservable inputs. For nonpublic entities, the amended guidance must be applied prospectively for annual periods beginning after January 1, 2012. The adoption did not have an impact on the statements of activities, functional expenses and cash flows; however, it does have an effect on the required disclosures.

Recently Issued Accounting Pronouncements

In October 2012, the FASB issued ASU No. 2012-05, Not-for-Profit Entities (“NFP”): Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (“ASU 2012-05”), which requires an NFP to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that, upon receipt, were directed without any NFP-imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated securities should be classified as cash flows from investing activities by the NFP. ASU 2012-05 is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. Retrospective application to all prior periods presented upon the date of adoption is permitted. The Organization’s management does not expect this guidance to have a material financial impact on the Organization’s financial statements.

**CASA OF LOS ANGELES**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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**NOTE 3 – ACCOUNTS AND PLEDGES RECEIVABLE**

Accounts, grants and pledges receivable at June 30, 2013 are expected to be received as follows:

Amounts due in:	
Less than one year	\$ 293,118
Due in 2 – 5 years	<u>385,000</u>
<b>Total</b>	<b><u>\$ 678,118</u></b>

Management believes that all accounts are fully collectible, and thus, no allowance for doubtful accounts has been established at June 30, 2013.

**NOTE 4 – PROPERTY AND EQUIPMENT, NET**

Property and equipment consisted of the following at June 30, 2013:

Telephone and computer equipment	\$ 107,091
Less accumulated depreciation	<u>(19,353)</u>
<b>Property and equipment, net</b>	<b><u>\$ 87,738</u></b>

Depreciation expense totaled \$18,119 for the fiscal year ended June 30, 2013.

**NOTE 5 – LINE OF CREDIT**

In September of 2012, the Organization entered into a line of credit agreement with a financial institution. The line of credit's borrowing limit is \$100,000 and accrues interest at the prime rate (3.25% as of June 30, 2013) plus 2% and is secured by substantially all of the assets of the Organization. The line of credit has no set expiration date. As of June 30, 2013, the Organization did not carry a balance on this line of credit.

**CASA OF LOS ANGELES**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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**NOTE 6 – NET ASSETS**

Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2013:

Dillon’s Special Needs Fund	\$ 46,872
Glamour Gowns	23,560
Transition Age Youth	44,998
Early Childhood	554,164
Volunteer programs	177,500
Time restricted	200,000
Capital projects	<u>100,000</u>
<b>Total</b>	<b><u>\$ 1,147,094</u></b>

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

Litigation

From time to time, the Organization is involved in certain legal proceedings and claims which arise in the normal course of business. Management does not believe that the outcome of these matters will have a material effect on the Organization’s statements of financial position or activities.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 30, 2013, which is the date the financial statements were available to be issued.