



FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Court Appointed Special Advocates of Santa Barbara County
Santa Maria, California

I have audited the accompanying financial statements of Court Appointed Special Advocates of Santa Barbara County (a non-profit organization)(the Organization) which comprise the statement of financial position as of June 30, 2019, the related statements of activities and changes in net assets, 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 (U.S. GAAP); 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Court Appointed Special Advocates of Santa Barbara County as of June 30, 2019, 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.

Santa Barbara, California
October 22, 2019

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current Assets:			
Cash	\$ 135,444	\$ 39,511	\$ 174,955
Accounts receivable	126,725	-	126,725
Promises to give	-	44,000	44,000
Prepaid expenses and deposits	28,455	824	29,279
Total current assets	290,624	84,335	374,959
Fixed Assets:			
Fixed assets	388,947	-	388,947
Less: accumulated depreciation	(237,438)	-	(237,438)
Total fixed assets, net	151,509	-	151,509
Other Assets:			
Investments	378,974	-	378,974
Promises to give, long-term portion	-	33,447	33,447
Total other assets	378,974	33,447	412,421
Total Assets	<u>\$ 821,107</u>	<u>\$ 117,782</u>	<u>\$ 938,889</u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 12,151	\$ -	\$ 12,151
Accrued payroll and related liabilities	72,684	-	72,684
Total current liabilities	84,835	-	84,835
Net Assets:			
Without donor restrictions	736,272	-	736,272
With donor restrictions	-	117,782	117,782
Total net assets	736,272	117,782	854,054
Total Liabilities and Net Assets	<u>\$ 821,107</u>	<u>\$ 117,782</u>	<u>\$ 938,889</u>

See accompanying notes

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Grants	\$ 239,060	\$ -	\$ 239,060
Government grants	445,369	-	445,369
Contributions	199,377	4,600	203,977
Promises to give	-	19,158	19,158
Contributions - in-kind	797,893	64,009	861,902
Total support	<u>1,681,699</u>	<u>87,767</u>	<u>1,769,466</u>
Revenues:			
Special events, net of direct costs of \$129,722	184,493	-	184,493
Interest	451	-	451
Investment income	9,415	-	9,415
Total revenues	<u>194,359</u>	<u>-</u>	<u>194,359</u>
Total support and revenues	<u>1,876,058</u>	<u>87,767</u>	<u>1,963,825</u>
Release from Restrictions			
Due to time	26,500	(26,500)	-
Due to expenditures	95,025	(95,025)	-
Expenses:			
Program services:			
Advocate program	1,699,406	-	1,699,406
Supporting services			
Management and general	173,476	-	173,476
Fundraising	182,250	-	182,250
Total expenses	<u>2,055,132</u>	<u>-</u>	<u>2,055,132</u>
Change in Net Assets	(57,549)	(33,758)	(91,307)
Net Assets, Beginning of Year	<u>793,821</u>	<u>151,540</u>	<u>945,361</u>
Net Assets, End of Year	<u>\$ 736,272</u>	<u>\$ 117,782</u>	<u>\$ 854,054</u>

See accompanying notes

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities		
Change in net assets	\$	(91,307)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation		29,221
Unrealized gain on investments		(5,283)
Changes in:		
Accounts receivable		348,763
Promises to give		7,342
Prepaid expenses and deposits		9,682
Accounts payable		283
Accrued payroll and related liabilities		(1,688)
Deferred revenue		(353,446)
		(56,433)
Net cash used by operating activities		(56,433)
 Cash Flows from Investing Activities		
Purchases of fixed assets		(77,370)
Purchases of investments		(63,457)
Proceeds from sale of investments		-
		(140,827)
Net cash used by investing activities		(140,827)
 Net Increase in Cash and Cash Equivalents		(197,260)
 Cash and Cash Equivalents at Beginning of Year		372,215
 Cash and Cash Equivalents at End of Year	\$	174,955

Non-cash transactions
See Footnote 10

See accompanying notes

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services		Total
	Advocacy	Management and General	Fundraising	
Salaries and wages	\$ 528,762	\$ 72,980	\$ 105,953	\$ 707,695
Payroll taxes	43,392	5,989	8,695	58,076
Employee benefits	65,179	8,996	13,060	87,235
Total personnel costs	637,333	87,965	127,708	853,006
Professional services	1,514	20,251	9,009	30,774
Office expenses	6,697	21,869	23,019	51,585
Telephone	24,212	1,497	-	25,709
Education and conferences	-	7,712	-	7,712
Meetings	4,621	375	-	4,996
Insurance	-	10,697	-	10,697
Bad debt	-	3,455	-	3,455
Depreciation	23,377	4,383	1,461	29,221
In-kind expenses				
Services	765,165	-	-	765,165
Goods	63,084	1,760	-	64,844
Occupancy	78,063	13,512	4,504	96,079
Volunteer outreach, training, and appreciation	46,113	-	-	46,113
Public awareness	23,791	-	-	23,791
Website expenses	1,184	-	-	1,184
Travel	18,105	-	3,392	21,497
Donor cultivation	-	-	13,157	13,157
Program expenses	6,147	-	-	6,147
Special event direct costs	-	-	129,722	129,722
Expenses, subtotal	1,699,406	173,476	311,972	2,184,854
Less special event direct costs	-	-	(129,722)	(129,722)
Total Functional Expenses	<u>\$ 1,699,406</u>	<u>\$ 173,476</u>	<u>\$ 182,250</u>	<u>\$ 2,055,132</u>

See accompanying notes

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATIONAL INFORMATION

Court Appointed Special Advocates of Santa Barbara County (CASA) is a California non-profit organization whose mission is to assure a safe, permanent, nurturing home for every abused and/or neglected child by providing a highly trained volunteer to advocate for them in the court system.

CASA fulfills this mission by the careful recruitment, training and supervision of volunteers who are then assigned to advocate for a child in the foster care system. The primary objective of CASA is to represent to the court the best interests of the abused and neglected child to whom the volunteer advocate has been assigned. The court gives CASA investigative authority to examine all aspects of a child's case and to explore all viable avenues to achieve a stable home environment for that child.

CASA volunteers are appointed by juvenile court judges to watch over and advocate for abused and neglected children, to make sure the children don't get lost in the overburdened legal and social service system or languish in an inappropriate group or foster home. These volunteers remain assigned to their child until the case is closed and the child is placed in a safe, permanent home.

CASA of Santa Barbara County serves children in all areas of Santa Barbara County, with the large majority of children in crisis in the North County region (72%). The stated Program Goal is to consistently provide service to all (100%) of the population noted in our mission statement annually – we serve all children who are victims of the crime of child abuse, neglect, and abandonment who may be in a foster home or in the care of a relative while it is determined if they are able to be safely reunited with their parents.

Due to their disproportionate exposure to trauma, children who have experienced abuse and neglect require focused, individual intervention. Unfortunately, the system of care in Santa Barbara County is comprised of professionals who are overwhelmed with cases. Social Workers are required to work with a whole family, not just the child victim. They are not always able to provide the needed types of advocacy that each child requires. It is essential for the health and welfare of children who have suffered from abuse or neglect to have *advocacy services* that will cultivate strong cross-agency coordination in order to help children to not just survive but to thrive.

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATIONAL INFORMATION (Continued)

The current goals for the volunteer advocate program include:

- Continue to serve *every* child who is a dependent of the court in Santa Barbara County – estimated at 543 foster children.
- Recruit and train 90 new volunteer advocates annually.
- Achieve volunteer retention of 72%.
- Increase our Sponsor a Child program to 60 sponsored children in 2020, 100 in 2021
- Provide advanced training for our volunteers in early childhood advocacy (Best for Babies) and young adult advocacy (Fostering Futures).
- Maintain current volunteer hours donated at >26,000 annually.

Recently, the number of children and youth in crisis entering the child welfare system increased 35%. This increase has had the effect of creating a waiting list of up to 60 children. CASA of Santa Barbara County responded to this increase by adding additional training opportunities and by increasing our outreach and advertising to find the needed volunteers. The Court has indicated that they will continue to request CASA volunteers for all children in care.

On any given day, we are typically serving approximately 350 children, and 20-30 children are referred to us every month. This situation has created the urgent need for more CASA volunteers, as well as improved retention of volunteers.

In addition to limited state funding, contributions and grants from local residents and foundations in Santa Barbara County are a key source of income to the CASA. Local contributions through direct giving and event participation comprise the majority of the funding for the program.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The accompanying financial statements of the CASA have been prepared on the accrual basis. Assets, liabilities and net assets of the CASA are reported based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the CASA and changes therein are classified and reported as follows:

- Net Assets without Donor Restrictions:

Net Assets without Donor Restrictions are net assets available for use in general operations and not subject to donor restrictions.

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: (Continued)

- Net Assets with Donor Restrictions:

Net Assets with Donor Restrictions are subject to donor-imposed stipulations that can be temporary in nature in that the restriction can be met either by actions of CASA or by the passage of time. In addition, the donor can stipulate that the net assets are permanently restricted in that the donor can specify the resources are to be invested in perpetuity with only the income from these investments used.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand, cash in bank, cash held in money market funds, and all short term investments with original maturities of three months or less. Cash held by the investment custodian for the purpose of investing is classified as an investment.

Receivables

Accounts receivable are reported when CASA has performed services for which it can receive payments and become past due after 30 days.

Unconditional pledges to give are reported as assets and revenues or gains in the period in which the pledge is received. Conditional promises to give are recognized when the condition on which the promise depends is substantially met.

Receivables are carried at their estimated collectible amount. Management periodically evaluates these receivables and records an allowance for any amounts estimated to be uncollectible. The evaluation is based upon a review of historical collections, current economic conditions, and an assessment of subsequent conditions. Management has determined these receivables are considered 100% collectible; therefore, no provision for uncollectible receivables is needed for the years ended June 30, 2019.

Investments

CASA carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Investment income, related external investment expenses, and gains and losses on investments are classified as net assets without donor restrictions unless a donor or law temporarily or permanently restricts their use. Unrealized gains and losses are included in the change in net assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets

Fixed Assets are carried at cost or, if donated, at fair market value on the date of donation. CASA capitalizes all expenditures for fixed assets that are greater than \$1,000 and have a useful life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 7 years for furniture and equipment and 20 years for leasehold improvements.

Prepaid Expenses

Prepaid expenses reflect expenditures made in advance of the obligation to pay and consist primarily of prepaid rent, insurance, dues, postage, and advertising.

Revenue and Revenue Recognition

▪ Recognition of Donor Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or designated by the Board of Directors. Donor-restricted support is recorded as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified as net assets without restrictions.

▪ Exchange Transactions

Revenue from an exchange transaction is recognized when earned. The proceeds from the sale of event tickets received in advance, if any, are recorded as deferred revenue and recognized in the applicable period in which the related services are performed.

▪ Contributed Services and Materials

A significant number of volunteers have contributed their services to the CASA. In accordance with accounting standards only those services provided by professionals have been valued and recorded in these financial statements. CASA's volunteer advocates' contributed services meet the prescribed recognition criteria.

The CASA records, at fair market value, contributions of materials and goods on the date of donation.

Advertising Costs

Advertising costs are recorded as management and general expenses in the period incurred.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Functional Expenses

The costs of providing program services and supporting services are presented on a functional basis. Accordingly, CASA has allocated certain costs among the programs and services, generally based on direct expenditures incurred. Any expenditures not directly chargeable, such as administration salaries, information technology, and depreciation, are allocated on the basis of their estimated benefit to CASA. These natural expenses attributable to more than one function are allocated using a variety of cost allocation techniques. Allocations of general expenditures relating to the buildings are generally allocated based upon square footage; allocations of general expenditures related to staffing are allocated based upon payroll.

Financial Instruments and Credit Risk

CASA manages deposit concentration risk by placing cash and money market accounts with financial institutions that Management believes to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, CASA has not experienced any losses in any of these accounts. Credit risk associated with promises to give and bequest receivables is considered by Management to be limited due to high historical collection rates and because they are from donors supportive of CASA. Investments are made by investment managers whose performance is monitored by CASA's finance committee as well as the by the Board of Directors. Although the fair value of investments are subject to fluctuation on a year-to-year basis, Management and the finance committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Significant estimates used in preparing these financial statements include:

- Allocation of expenses by function
- Fair market value of donated goods and services

It is at least reasonably possible that the significant estimates used will change within the next year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

Tax Exempt Status

CASA has been granted tax-exempt status by the Internal Revenue Service and the Franchise Tax Board under code sections 501(c) (3) and 23701d, respectively. CASA qualifies for the charitable deduction under Section 170(b)(1)(A); CASA is not considered a private foundation. CASA is only subject to income tax on unrelated business income. CASA is not aware of any uncertain tax positions at June 30, 2019, or for any year for which the statute of limitations remains open which is generally for three years by the Internal Revenue Service and for four years by the California Franchise Tax Board.

Newly Adopted Accounting Pronouncement

During the year ended June 30, 2019, CASA adopted Financial Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and the availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The CASA has applied this ASU retrospectively to all periods with no material reclassifications between net assets without donor restrictions and net assets with donor restrictions.

Reclassifications

Certain reclassifications have been made to the June 30, 2018, balances as reported in the prior year financial statements to make them comparable to the balances reported for the year ended June 30, 2019.

NOTE 3

PROMISES TO GIVE

Unconditional promises to give consist of multi-year pledges and are discounted at 3% and are expected to be received:

Within one year	\$	44,000
Within 2-5 years		35,000
Less discount		<u>(1,553)</u>
Promises to give, net	\$	<u>77,447</u>

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 4: FIXED ASSETS

Fixed asset activity for the fiscal year is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Leasehold Improvements	\$ 163,281	\$ 51,293	\$ -	\$ 214,574
Furniture and fixtures	77,960	4,487	-	82,447
Computer equipment	19,567	2,729	-	22,296
Website and software	17,101	-	-	17,101
Vehicle	<u>33,668</u>	<u>18,861</u>	-	<u>52,529</u>
Fixed assets at cost	311,577	77,370	-	388,947
Less accumulated depreciation	<u>(208,217)</u>	<u>(29,221)</u>	-	<u>(237,438)</u>
Fixed assets, net	<u>\$ 103,360</u>	<u>\$ 48,149</u>	<u>\$ -</u>	<u>\$ 151,509</u>

NOTE 5: INVESTMENTS

Investments are stated at market value, based primarily on quoted market prices for those or similar instruments. The Directors have engaged two investment advisory firms to manage the investments in accordance with the CASA's investment policy. The cost and market value of investments at June 30 are as follows:

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Appreciation</u>
Money Market	\$ 38,714	\$ 38,714	\$ -
Certificates of deposit	289,000	289,027	27
U.S. Treasury obligations	49,100	49,859	759
Accrued interest	<u>1,374</u>	<u>1,374</u>	-
Total	<u>\$ 378,188</u>	<u>\$ 378,974</u>	<u>\$ 786</u>

Increase in unrealized appreciation over prior year \$ 5,283

Investment income in the statement of activities includes:

	<u>June 30, 2019</u>
Dividends and interest	\$ 4,307
Unrealized (loss)/gain, net, for the year	5,283
Less investment advisor fees	<u>(175)</u>
Total investment income	<u>\$ 9,415</u>

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of net assets either restricted by a donor for a specific purpose or by time and consist of:

	<u>Beginning Balance</u>	<u>Funds Received</u>	<u>Funds Released</u>	<u>Ending Balance</u>
Building improvements	\$ 15,800	\$ -	\$ -	\$ 15,800
Kid's Fund	13,095	68,609	(68,525)-	13,179
Friends of CASA	37,856	-		37,856
Promises to give	<u>84,789</u>	<u>19,158</u>	<u>(26,500)</u>	<u>77,447</u>
Total	151,540	87,767	(95,025)	144,282

NOTE 7: OPERATING LEASES

CASA leases office space, storage space, and office equipment under month-to-month leases. Rent expense for the fiscal year ending June 30, 2019, is \$50,318.

In addition, CASA has entered into a lease in Santa Maria, effective December 1, 2018, for five years with one 5 year option. Base lease payments are increased 3% per year. Future minimum lease payments for the next 5 years ended June 30 are:

2020	\$ 51,282
2021	52,820
2022	54,405
2023	56,037
2024	<u>23,636</u>
Total investment income	<u>\$ 238,180</u>

NOTE 8: CONCENTRATION OF RISK

Investment Risk

CASA derives a portion of its earnings from its investments. These investments are subject to the inherent risks of inflation, market fluctuation, volatility, and liquidity.

Geographical

The CASA's client base, volunteers, and donor base are largely drawn from Santa Barbara County. Visitors are both local and tourists.

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 8: CONCENTRATION OF RISK (Continued)

Credit Risk

The CASA on occasion has more than \$250,000 on deposit with financial institutions. The Federal Deposit Insurance Corporation (FDIC) only insures the first \$250,000 of funds on deposit in an interest bearing account at any one institution. At June 30, 2018, the CASA had uninsured funds of approximately \$120,000.

Certain of the CASA's investments and cash and cash equivalents are held at abroker-dealers and are subject to Securities Investor Protection Corporation (SIPC). Under SIPC, cash and cash equivalents are insured up to \$250,000 per broker-dealer. On occasion, the CASA's cash balances exceed the insured threshold temporarily.

Revenue

The majority of CASA's contributions and private grants are received from individuals, foundations, and businesses located in the greater Santa Barbara metropolitan area.

One department of the State of California provides 62% of the amount recorded in government grants.

NOTE 9: CONTINGENCIES

The Organization has received state and local funds for specific purchases that are subject to review and audit by the grantor agencies. Although such audits could generate a disallowance of expenditures under terms of the grants, management believes that any required disbursements will not be material

NOTE 10: CONTRIBUTIONS IN-KIND

During the fiscal year, volunteer court appointed advocates provided 26,496 hours of professional services valued at \$28.46 for the first four months and \$29,09 for the last eight months of the year, according to California Judicial Council's annual valuation. Contributions in-kind received during the fiscal year ended include:

Court appointed special advocates services	\$	765,165
Kid's Fund toys, clothing, quilts, tickets, books		63,084
Special events items included in direct expenses		72,476
Other		<u>1,760</u>
Total contributions in-kind	\$	<u>902,485</u>

NOTE 11: FAIR VALUE MEASUREMENT

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

The CASA is subject to the provisions of ASC Topic 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value of an investment is the amount that would be received to sell the investment in an orderly transaction between market participants at the measurement date (i.e., the exit price). In accordance with ASU No. 2009-12, *Investment in Certain Entities that Calculate Net Asset Value per Share*, the NAV per share or its equivalent is used to fair value investments that follow the American Institute of Certified Public Accountants Guide in arriving at their reported NAV.

Using the fair value hierarchy established in ASC Topic 820, the CASA is required to maximize the use of observable inputs and to minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; discounted cash flows; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for assets measured at fair value:

Common stocks are valued at the closing price reported in the active market in which the individual securities are traded.

Government Securities and Corporate bonds are valued at the closing price in which the individual security or bond is traded.

In determining fair value, the CASA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

NOTE 11: FAIR VALUE MEASUREMENT (Continued)

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

The Foundation held certain assets and instruments that are required to be measured at fair value on a recurring basis at June 30, 2019:

	Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable securities held for trading purposes:			
Money market	\$ 38,714	\$ -	\$ -
Certificates of deposit		289,027	
US Treasury obligations	49,859		
Accrued interest	<u>1,374</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 89,947</u>	<u>\$ 289,027</u>	<u>\$ -</u>

NOTE 12: LIQUIDITY AND AVAILABILITY

As a part of its liquidity management, CASA structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Financial assets and resources available for general expenditure, that is, without donor restrictions limiting their use, within one year of the date of the statement of financial position comprise the following:

Cash and cash equivalents	\$ 135,444
Pledges receivable, current portion	44,000
Accounts receivable	<u>126,725</u>
Total permanently restricted net assets	<u>\$ 306,169</u>

CASA operates within a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Although CASA does not intend to spend from its investment holdings, CASA can draw upon these funds upon approval by the Board of Directors.

COURT APPOINTED SPECIAL ADVOCATES OF SANTA BARBARA COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 13: RETIREMENT PLAN

CASA has a 403(b) retirement plan. All employees eligible are eligible to participate in the plan commencing with their hiring dates. In September 2017, CASA added a 3% employer matching provision whereby, for each participating employee, CASA will match the employee's 403(b) contribution up to 3% of the employee's salary and is calculated each pay period. Employees are 100% vested in the employer match amount immediately from their first contribution to the 403(b) plan.

Note 14: RELATED PARTY

One board member is a 50% shareholder of a company that owns 63% of the limited liability company that provides telephone and internet services to CASA. The amount paid to the company during the fiscal year totaled \$24,212. In addition, the company allows CASA to utilize its board room for meetings.

NOTE 15: SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 19, 2018, which is the date the financial statements were available to be issued pending final approval by the Board of Directors. Management has determined no subsequent events requiring disclosure have occurred.