

CASA OF LOS ANGELES
FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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Independent Auditor's Report

Board of Directors
CASA of Los Angeles
Monterey Park, California

We have audited the accompanying statements of financial position of CASA of Los Angeles (a non-profit organization) as of June 30, 2011 and 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA of Los Angeles as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2011 on our consideration of CASA of Los Angeles's internal control over financial reporting; and our report dated October 28, 2011 on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lodgen, Lacher, Golditch, Sardi, Saunders & Howard LLP

Encino, California
October 28, 2011

CASA OF LOS ANGELES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

ASSETS

	June 30,	
	2011	2010
Current assets:		
Cash and cash equivalents	\$ 408,647	\$ 393,382
Grants receivable	206,559	59,113
Prepaid expenses	6,026	8,580
Total current assets	621,232	461,075
Furniture and equipment, net of accumulated depreciation of \$52,915 and \$52,584, respectively	-	331
	\$ 621,232	\$ 461,406

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 97,089	\$ 54,686
Accrued vacation	35,372	15,469
Total current liabilities	132,461	70,155
Net assets:		
Unrestricted	391,955	259,150
Temporarily restricted	96,816	132,101
	488,771	391,251
	\$ 621,232	\$ 461,406

CASA OF LOS ANGELES

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2011 AND 2010

	June 30, 2011			June 30, 2010		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Support and revenue:						
Support:						
Contributions, individuals	\$ 202,359	\$ 19,183	\$ 221,542	\$ 244,506	\$ 10,000	\$ 254,506
Contributions, foundations	575,566	5,000	580,566	141,462	110,250	251,712
Contributions, corporations	36,323	10,750	47,073	37,541	-	37,541
Grants, government	855,723	-	855,723	439,501	-	439,501
Donated rent	32,200	-	32,200	32,200	-	32,200
Special events, net of expenses of \$16,071 and \$8,267, respectively	18,859	-	18,859	194	-	194
Total support	1,721,030	34,933	1,755,963	895,404	120,250	1,015,654
Revenue:						
Interest income	963	-	963	306	-	306
Other income	10,870	-	10,870	185	-	185
Total revenue	11,833	-	11,833	491	-	491
Net assets released from restrictions:						
Satisfaction of program restrictions	70,218	(70,218)	-	152,929	(152,929)	-
Total support and revenue	1,803,081	(35,285)	1,767,796	1,048,824	(32,679)	1,016,145
Expenses:						
Program services	1,146,970	-	1,146,970	653,200	-	653,200
Management and general	278,219	-	278,219	179,979	-	179,979
Fundraising	245,087	-	245,087	149,696	-	149,696
Total expenses	1,670,276	-	1,670,276	982,875	-	982,875
Change in net assets	132,805	(35,285)	97,520	65,949	(32,679)	33,270
Net assets, beginning of year	259,150	132,101	391,251	193,201	164,780	357,981
Net assets, end of year	\$ 391,955	\$ 96,816	\$ 488,771	\$ 259,150	\$ 132,101	\$ 391,251

CASA OF LOS ANGELES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2011

WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2010

	June 30, 2011			June 30, 2010	
	Program services	Management and general	Fundraising	Total	Total
Salaries	\$ 659,927	\$ 74,486	\$ 166,575	\$ 900,988	\$ 540,682
Payroll taxes	50,943	5,750	12,859	69,552	45,499
Health insurance	42,758	3,028	6,644	52,430	20,184
Other benefits	6,737	760	1,701	9,198	932
Total salaries and benefits	760,365	84,024	187,779	1,032,168	607,297
Americorp staff	48,000	-	-	48,000	26,750
Bank charges	-	753	4,268	5,021	1,846
Board and committee meetings	-	4,248	-	4,248	198
Children support	9,147	-	-	9,147	1,679
Conferences and training	12,282	870	1,909	15,061	15,567
Development	-	-	2,625	2,625	551
Dues and subscriptions	2,132	151	331	2,614	1,315
Insurance	7,884	890	1,990	10,764	13,108
Miscellaneous	2,415	171	376	2,962	2,841
Payroll processing fees	2,965	210	461	3,636	2,680
Postage	13,865	982	2,154	17,001	1,010
Printing	2,511	178	390	3,079	3,219
Program stipends	9,000	-	-	9,000	-
Publicity and volunteer recruitment	33,483	2,298	16,662	52,443	6,178
Professional services	100,558	175,073	9,116	284,747	230,462
Rent (donated)	26,260	1,860	4,080	32,200	32,200
Rent and storage	16,232	1,150	2,522	19,904	3,791
Repairs and maintenance	4,073	288	632	4,993	516
Supplies	25,194	1,785	3,915	30,894	12,067
Telecommunications and computer support	8,905	631	1,384	10,920	5,642
Travel	54,652	2,596	4,443	61,691	7,178
Volunteer recognition	6,827	-	-	6,827	6,449
Total other expenses	386,385	194,134	57,258	637,777	375,247
Total expenses before depreciation	1,146,750	278,158	245,037	1,669,945	982,544
Depreciation	220	61	50	331	331
Total expenses	\$ 1,146,970	\$ 278,219	\$ 245,087	\$ 1,670,276	\$ 982,875

See independent auditor's report and notes to financial statements.

CASA OF LOS ANGELES

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

	June 30,	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Support and revenue:		
Contributions, individuals	\$ 221,542	\$ 254,506
Contributions, foundations	580,566	251,712
Contributions, corporations	47,073	37,541
Grants, government	708,277	545,832
Special events	18,859	194
Interest income	963	306
Other income	10,870	185
	<u>1,588,150</u>	<u>1,090,276</u>
Expenses:		
Program services	1,077,358	601,274
Management and general	264,429	169,971
Fundraising	231,098	138,185
	<u>1,572,885</u>	<u>909,430</u>
Net cash provided by operating activities	15,265	180,846
Cash and cash equivalents, beginning of year	<u>393,382</u>	<u>212,536</u>
Cash and cash equivalents, end of year	<u>\$ 408,647</u>	<u>\$ 393,382</u>

CASA OF LOS ANGELES

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

(Continued)

	June 30,	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 97,520	\$ 33,270
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	331	331
Change in grants receivable	(147,446)	106,331
Change in prepaid expenses	2,554	(3,578)
Change in accounts payable and accrued expenses	42,400	45,597
Change in accrued vacation	19,906	(1,105)
Net cash provided by operating activities	<u>\$ 15,265</u>	<u>\$ 180,846</u>
Non-cash transactions:		
Donated rent	<u>\$ 32,200</u>	<u>\$ 32,200</u>

CASA OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 and 2010

1. Nature of activities:

CASA of Los Angeles, formerly known as Friends of Child Advocates (“CASA/LA” or the “Organization”) was established in 1983. CASA/LA's mission is to improve the lives of foster children in the dependency court system through trained volunteer advocates. A Court Appointed Special Advocate (CASA) is a volunteer appointed by a dependency court judge to represent and advocate for the best interests of a foster child. CASA volunteers 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 fulfilled. 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 a foster child.

Launched in 1978 by the Los Angeles Superior Court (LASC) and staffed by court employees, the CASA program in Los Angeles was one of the first in the nation. A private non-profit organization, then called Friends of Child Advocates, was formed shortly thereafter to provide supplemental funding to this court-sponsored program. Over the years, the Friends of Child Advocates’ role expanded to hiring program staff to work alongside court employees. When LASC terminated court funding for its portion of the CASA program in March 2010 due to the state’s budget crisis, the Organization stepped in to continue the program as a solely independent non-profit CASA organization. CASA/LA today is an entirely private not-for-profit organization, CASA of Los Angeles, which is governed by a twelve-member board of directors, led by an executive director and staffed by seventeen employees.

CASA/LA has been transformed from a court-managed program funded primarily by public sector funds into a volunteer-driven not-for-profit organization funded by the community.

2. Summary of significant accounting policies:

Funding:

CASA/LA raises funds through contributions from foundations, corporations, governmental agencies, and individual donors, and through special fundraising events in the Southern California area.

Financial statement presentation:

The Organization is required to report 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. The Organization did not have any permanently restricted net assets at June 30, 2011 and 2010.

CASA OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 and 2010

(Continued)

2. Summary of significant accounting policies (continued):

Contributions and grants:

Contributions and grants received are recorded as restricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Conditional contributions and grants are recorded as support in the period the condition is met. Such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the restriction, usually when the funds are spent. Contributions and grants that are restricted are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There was no allowance as of June 30, 2011 and 2010.

Occasionally, the County of Los Angeles receives juror fees donated by jurors who require 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 it is entitled to or when it will receive the funds prior to actually receiving the donations. Juror fees received during the years ended June 30, 2011 and 2010 totaled \$42,857 and \$55,211, respectively, which are included in individual contributions in the statements of activities and changes in net assets.

Donated services and materials:

The CASA/LA facility is located in the Los Angeles County Children's court. The facility, including the use of utilities and telephone, is provided by the State. The value of significant donated services and materials is reflected in the accompanying financial statements if an objective basis is available to measure the fair value of such services at the date of donation. For both years ended June 30, 2011 and 2010, the only donated services recognized are facility rentals from the State of California for \$32,200.

The Organization's program services rely upon the extensive use of volunteer time. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$1,269,000 and \$1,362,000 for the years ended June 30, 2011 and 2010, respectively. This has been calculated using the Independent Sector Volunteer Rate of \$23.42 and \$23.29 per hour for the years ended June 30, 2011 and 2010, respectively.

CASA OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 and 2010

(Continued)

2. Summary of significant accounting policies (continued):

Donated services and material (continued):

During the years ended June 30, 2011 and 2010, many individuals volunteered their time and performed a variety of tasks for the Organization's fundraising events. These services do not meet the criteria for recognition as donated services in accordance with applicable accounting standards.

Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Subsequent events:

Subsequent events have been evaluated by management through October 28, 2011, which is the date the financial statements were available to be issued.

Cash and cash equivalents:

For the purpose of the statement of cash flows, the Organization considers certificates of deposit with original maturities of three months or less to be cash equivalents.

Furniture and equipment:

Furniture and equipment are stated at cost (or fair value if contributed), less accumulated depreciation. For financial reporting purposes, depreciation is provided using the straight-line method over the estimated useful lives of three to five years. For both of the years ended June 30, 2011 and 2010, depreciation expense amounted to \$331. Management's policy is to capitalize furniture and equipment over \$1,000 and to expense items under \$1,000.

Functional expenses:

The Organization allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific program or support service are allocated directly. Expenses that are common to several functions are allocated to the appropriate function.

CASA OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 and 2010

(Continued)

2. Summary of significant accounting policies (continued):

Income taxes:

Under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, the Organization is exempt from income taxes. In addition, under Section 509(a) of the Internal Revenue Code, the Organization is not a private foundation.

The Organization follows accounting guidance with respect to how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. As of June 30, 2011, management has reviewed all open tax years and jurisdictions and concluded the accounting guidance resulted in no impact to the Organization's financial position or results of operations. The Organization's open audit periods are fiscal tax years ending June 30, 2008 through June 30, 2011 for federal annual information returns, and June 30, 2007 through June 30, 2011 for state annual information returns.

3. Concentration of credit risk:

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At June 30, 2011 and 2010, there were no amounts on deposit in excess of FDIC limits.

4. Furniture and equipment:

Furniture and equipment consisted of the following at June 30, 2011 and 2010:

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Computer equipment	\$ 4,942	\$ 4,942
Project equipment, lights	<u>47,973</u>	<u>47,973</u>
	52,915	52,915
Less: accumulated depreciation	<u>52,915</u>	<u>52,584</u>
Total	<u>\$ -</u>	<u>\$ 331</u>

CASA OF LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 and 2010

(Continued)

5. Defined contribution plan:

The employees of the Organization are covered by a retirement plan sponsored by the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF). Benefits are provided by individually insurance contracts issued by TIAA-CREF. Upon commencement of employment, participants can elect to defer a portion of their salary subject to the maximum exclusion determined by the Internal Revenue Code. The Organization does not make any contributions to the plan on behalf of the employees.

6. Temporarily restricted net assets:

Temporarily restricted net assets at June 30, 2011 and 2010 were available for the following purposes:

	<u>June 30</u>	
	<u>2011</u>	<u>2010</u>
Dillon's Special Needs Fund	\$ 67,954	\$ 77,101
Glamour Gowns	28,862	10,000
Outcome Measurement Tool	-	25,000
Donations for 2010-2011 program expenses	<u>-</u>	<u>20,000</u>
Total temporarily restricted assets	<u>\$ 96,816</u>	<u>\$ 132,101</u>

7. Subsequent event:

CASA of Los Angeles is a defendant in a lawsuit filed by a former employee subsequent to June 30, 2011 for alleged wrongful termination. The suit asks for damages totaling \$100,000. The Organization believes the suit is completely without merit and intends to vigorously defend its position.

SUPPLEMENTARY INFORMATION

CASA OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA number</u>	<u>Agency number</u>	<u>Federal expenditures</u>
U.S. Department of Justice:			
Friends of Child Advocates Infant/Toddler Project	16.541		\$ 229,529
CASA Advocacy for San Fernando Valley Foster Youth	16.541		80,094
CASA Enhanced Programs for Minority Foster Youth	16.541		130,876
Lancaster California Based CASA Program	16.541		159,792
Court Appointed Special Advocates Recruitment for 38 th District	16.541		30,941
Court Appointed Special Advocates Program	16.541		103,623
National Court Appointed Special Advocate Association	16.756		<u>46,655</u>
			<u>\$ 781,510</u>

Note – Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of CASA of Los Angeles and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
CASA of Los Angeles
Monterey Park, California

We have audited the financial statements of CASA of Los Angeles (a non-profit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting:

In planning and performing our audit, we considered CASA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CASA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting: 2011-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether CASA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We noted certain matters that we reported to management of CASA in a separate letter dated October 28, 2011.

CASA's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit CASA's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management of CASA, and the Department of Justice and is not intended to be and should not be used by anyone other than these specific parties.

Lodgen, Lacher, Golditch, Sardi, Saunders & Howard LLP

Encino, California
October 28, 2011

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
CASA of Los Angeles
Monterey Park, California

Compliance:

We have audited CASA of Los Angeles's (a non-profit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of CASA of Los Angeles's major federal programs for the year ended June 30, 2011. CASA of Los Angeles's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of CASA of Los Angeles's management. Our responsibility is to express an opinion on CASA of Los Angeles's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CASA of Los Angeles's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on CASA of Los Angeles's compliance with those requirements.

In our opinion, CASA of Los Angeles complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2011.

Internal Control over Compliance:

The management of CASA of Los Angeles is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered CASA of Los Angeles's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our

opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of CASA of Los Angeles's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CASA of Los Angeles's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board, CASA management, others within the entity, and the Department of Justice and is not intended to be and should not be used by anyone other than these specified parties.

Lodgen, Lacher, Golditch, Sardi, Saunders & Howard LLP

Encino, California
October 28, 2011

CASA OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the audited financial statements of CASA of Los Angeles.
2. No material weakness was identified during the audit of the financial statements. However, we did identify a significant deficiency in internal control over financial reporting as disclosed below at item 2011-1.
3. No instances of noncompliance material to the financial statements of CASA of Los Angeles, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award program for CASA of Los Angeles expresses an unqualified opinion.
6. No audit findings relative to the major federal award program for CASA of Los Angeles are reported in this Schedule.
7. The programs tested as a major program included U.S. Department of Justice, Court Appointed Special Advocates Programs CFDA Number 16.541 and 16.756.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. CASA did not qualify as a low risk auditee.

Findings – Financial Statements Audit:

2011-1. Manual employee payroll checks totaling \$22,985 were reported in the Organization's books and records but were not reported to the Organization's payroll service provider and therefore, were not included in quarterly payroll returns or employee wage statements (Form W-2). This resulted in underreporting of payroll to the Internal Revenue Service, the Social Security Administration, and the State of California for the four quarters ended June 30, 2011. The Organization is responding by preparing amended payroll returns and employee wage statements.

Findings – Major Federal Award Program Audit:

None