CASA OF LOS ANGELES

(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

CASA OF LOS ANGELES
(A NONPROFIT ORGANIZATION)
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SingerLewak LLP

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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 statements of financial position as of June 30, 2015, 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 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 CASA of Los Angeles as of June 30, 2015, 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.

Report on Summarized Comparative Information

We have previously audited CASA of Los Angeles' June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

SingerLewak LLP

SingerLewak LLP

Los Angeles, California
November 24, 2015

CASA OF LOS ANGELES

(A NONPROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

ASSETS

	2015	2014
Assets		
Cash and cash equivalents	$ 710,664	$ 1,043,195
Pledges receivable, current portion	157,735	218,620
Grants receivable, current portion	25,000	490,000
Contracts receivable	26,441	45,099
Prepaid expenses and other current assets	50,099	15,779
Total current assets	969,939	1,812,693
Pledges and grants receivable, net of current portion	50,000	240,000
Property and equipment, net	711,779	54,841
Total assets	**$ 1,731,718**	**$ 2,107,534**

LIABILITIES AND NET ASSETS

	2015	2014
Liabilities		
Accounts payable and accrued expenses	$ 337,627	$ 322,566
Total current liabilities	337,627	322,566
Commitments and contingencies (Note 7)		
Net assets		
Unrestricted	946,356	227,932
Temporarily restricted	447,735	1,557,036
Total net assets	1,394,091	1,784,968
Total liabilities and net assets	**$ 1,731,718**	**$ 2,107,534**

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

CASA OF LOS ANGELES

(A NONPROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Revenue:				
Contributions	$ 1,061,884	$ 633,967	$ 1,695,851	$ 2,411,302
Government grants	205,541	-	205,541	190,749
Donated volunteer services	2,488,570	-	2,488,570	4,220,643
Donated rent and other	129,858	-	129,858	134,645
Gala event	1,192,262	-	1,192,262	954,333
Special events	276,149	-	276,149	134,973
Other revenue	10,273	-	10,273	819
Total support	5,364,537	633,967	5,998,504	8,047,464
Net assets released from restrictions:				
Satisfaction of program restrictions	1,743,268	(1,743,268)	-	-
Total revenue	7,107,805	(1,109,301)	5,998,504	8,047,464
Expenses				
Program services	4,754,585	-	4,754,585	6,370,214
Management and general	472,631	-	472,631	550,015
Fundraising	1,162,165	-	1,162,165	1,020,435
Total expenses	6,389,381	-	6,389,381	7,940,664
Change in net assets	718,424	(1,109,301)	(390,877)	106,800
Net assets, beginning of year	227,932	1,557,036	1,784,968	1,678,168
Net assets, end of year	**$ 946,356**	**$ 447,735**	**$ 1,394,091**	**$ 1,784,968**

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

CASA OF LOS ANGELES

(A NONPROFIT ORGANIZATION)
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	2015				2014
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	$ 1,380,866	$ 213,848	$ 256,374	$ 1,851,088	$ 1,525,094
Payroll taxes and benefits	186,871	28,940	34,695	250,506	212,479
Total personnel costs	1,567,737	242,788	291,069	2,101,594	1,737,573
Accounting	-	37,667	-	37,667	184,329
Advertising and marketing	3,976	2,205	88,611	94,792	169,300
Background checks	11,094	95	-	11,189	16,347
Bad debt expenses	-	21,390	6,000	27,390	-
Board expenses	-	9,236	-	9,236	2,779
Children support	19,172	-	-	19,172	18,756
Event expenses	4,920	204	333,361	338,485	275,136
Human resource consulting	121,459	22,083	22,083	165,625	181,561
In-kind goods	7,135	-	-	7,135	8,502
In-kind rent	89,997	16,363	16,363	122,723	126,143
In-kind volunteer advocates	2,342,570	-	-	2,342,570	4,220,643
Insurance	10,954	1,992	1,992	14,938	9,744
IT and telecommunications	75,407	13,710	13,710	102,827	77,797
Office expense	53,430	7,406	15,530	76,366	50,910
Outreach	5,622	610	20	6,252	7,561
Printing	3,218	1,723	34,676	39,617	7,386
Professional fees	24,331	37,421	71,486	133,238	166,072
Program stipends	25,500	-	-	25,500	13,500
Supplies	12,682	4,641	4,931	22,254	25,875
Temporary help	251,684	41,370	244,199	537,253	488,044
Training expense	32,847	2,674	6,131	41,652	47,525
Travel	23,462	2,784	2,314	28,560	36,864
Volunteer recognition	36,838	714	4,134	41,686	35,420
Depreciation	30,550	5,555	5,555	41,660	32,897
Total expenses	**$ 4,754,585**	**$ 472,631**	**$ 1,162,165**	**$ 6,389,381**	**$ 7,940,664**

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

CASA OF LOS ANGELES

(A NONPROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2015
(With Comparative Totals for the Year Ended June 30, 2014)

	2015	2014
Change in net assets	$ (390,877)	$ 106,800
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation	41,660	32,897
Change in pledges receivable	250,885	(93,002)
Change in grants receivable	465,000	(177,500)
Change in contracts receivable	18,658	(45,099)
Change in prepaid expenses and other current assets	(34,320)	(531)
Change in accounts payable and accrued expenses	15,061	135,756
Net cash (used in) provided by operating activities	366,067	(40,679)
Cash flows from investing activities:		
Acquisition of property and equipment	(698,598)	-
Net cash used in investing activities	(698,598)	-
Net (decrease) increase in cash	(332,531)	(40,679)
Cash and cash equivalents, beginning of year	1,043,195	1,083,874
Cash and cash equivalents, end of year	**$ 710,664**	**$ 1,043,195**
Noncash transactions:		
Donated goods, rent and services	**$ 2,618,428**	**$ 4,355,288**

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 his or her 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

<u>Basis of Presentation</u>
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.

<u>Net Asset Classification</u>
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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classification (Continued)

- 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, 2015 and 2014.

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, 2015 and 2014.

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, 2015 and 2014 totaled $58,754 and $66,438, respectively, and are included in individual contributions in the statement of activities.

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, 2015 and 2014.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-kind Contributed Materials and Facilities

The Organization's facilities are located in the Ed Edelman Children's Court building in Monterey Park and the Alfred J. McCourtney Juvenile Justice Center in Lancaster. The facilities, including utilities, are 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 $129,858 and $134,645 for the years ended June 30, 2015 and 2014, respectively.

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 $2,488,570 for the year ended June 30, 2015, consisting of $2,241,619 for volunteer advocates, $100,951 for shelter care/court assistant volunteers, and $146,000 for professional services in connection with office renovation, and $4,220,643 for the year ended June 30, 2014, consisting of $4,115,362 for volunteer advocates and $105,281 for shelter care/court assistant volunteers. The advocates and assistant volunteers' amounts have been calculated using the Independent Sector Volunteer Rate of $26.87 and $26.34 per hour for the years ended June 30, 2015 and 2014, respectively.

Gala Events

During the years ended June 30, 2015 and 2014, the Organization held a gala event which generated revenue from sponsorships, ticket sales and donations, as well as through a silent and live auction. From the event, revenue totaled $1,242,262 and $1,004,333, and cost of direct expenses totaled $322,462 and $249,862 for the years ended June 30, 2015 and 2014, respectively. Revenue reported above includes amount that was pledged in a prior year and is reported in the statement of activities as part of the net assets released from restriction of $50,000 and $50,000 for the years ended June 30, 2015 and 2014, respectively.

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. The restricted cash balance included as cash and cash equivalent in statements of financial position was $282,735 and $737,036 as of June 30, 2015 and 2014, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications
Certain prior year reported amounts have been reclassified to conform to the current year presentation.

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
Furniture and fixtures	5 – 10 Years
Leasehold improvements	20 years

The leasehold improvements noted above were incurred by the Organization on one of the facilities under a month-to-month lease with the state during the year ended June 30, 2015. Although the state could legally require the Organization to vacate the facility at any time, management has elected to amortize the leasehold improvements over their useful lives. This is consistent with the expectations of the parties, whereby the Organization will occupy the facility for a period longer than the useful life of the leasehold improvements, and reflects the historical good relationship between them.

The Organization capitalizes assets $5,000 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)
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 years ended June 30, 2015 and 2014, 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 2010.

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.

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.

Cash and cash equivalents generally consist of cash held in one financial institution. From time to time, cash balances may exceed federally insured limits. The Organization has not experienced any previous losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements
In April 2013, the FASB issued Accounting Standards Update ("ASU") No. 2013-06, *Not-for Profit Entities (Topic 958): Services Received from Personnel of an Affiliate* ("ASU 2013-06"). This amendment requires a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service. The amendments in this Update improved current U.S. GAAP by requiring all not-for-profit entities to apply similar recognition and measurement bases for services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. The adoption of ASU 2013-06 did not have a material financial impact on the Organization's financial position, statements of activities or cash flows.

Recently Issued Accounting Pronouncements
In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. This amendment requires an entity's management to evaluate whether there are conditions or events, considering in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued. The amendment is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early adoption is permitted. The Organization is evaluating the effect of adopting this new accounting guidance on the Organization's financial position, statements of activities and cash flows.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Subsequently, the effective date for the ASU 2014-09 is deferred by ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, to annual reporting periods beginning after December 15, 2018. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Organization is evaluating the effect of adopting this new accounting guidance on the Organization's financial position, statements of activities and cash flows.

NOTE 3 –PLEDGES, GRANTS, AND CONTRACTS RECEIVABLE

Pledges, grants and contracts receivable at June 30, 2015 and 2014 are expected to be received as follows:

	2015	2014
Amounts due in:		
Less than one year	$ 209,176	$ 753,719
Due in more than one year	50,000	240,000
Total	**$ 259,176**	**$ 993,719**

Management believes that all accounts are fully collectible, and thus, no allowance for doubtful accounts has been established at June 30, 2015 and 2014.

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at June 30, 2015 and 2014:

	2015	2014
Telephone and computer equipment	$ 132,973	$ 107,091
Furniture and fixtures	173,376	-
Leasehold improvements	499,339	-
	805,688	107,091
Less accumulated depreciation	(93,909)	(52,250)
Property and equipment, net	**$ 711,779**	**$ 54,841**

Depreciation expense totaled $41,660 and $32,897 for the fiscal years ended June 30, 2015 and 2014, respectively.

NOTE 5 – LINE OF CREDIT

In September of 2012, the Organization entered into a line of credit agreement with a financial institution, which was revised in November 2014. The revised line of credit’s borrowing limit is $250,000 and accrues interest at the prime rate (3.25% as of June 30, 2015 and 2014) plus 1.25% 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, 2015 and 2014, the Organization did not carry a balance on this line of credit.

NOTE 6 – NET ASSETS

Temporarily Restricted Net Assets

Movements in temporarily restricted net assets for the following purposes were follows:

Purpose	June 30, 2014	Additions	Release	June 30, 2015
Dillon's Special Needs Fund	$ 45,289	$ -	$ (6,474)	$ 38,815
Early Childhood Initiative	464,581	25,000	(404,581)	85,000
Time restricted	441,592	65,000	(314,802)	191,790
Capital project	410,000	138,000	(548,000)	-
Transition Age Youth	111,865	229,000	(299,194)	41,671
Volunteer programs	12,500	100,000	(70,830)	41,670
Others	71,209	76,967	(99,387)	48,789
	$ 1,557,036	**$ 633,967**	**$(1,743,268)**	**$ 447,735**

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 November 24, 2015, which is the date the financial statements were available to be issued.