

CASA YOUTH SHELTER, INC.
FINANCIAL STATEMENTS

JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Casa Youth Shelter, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Casa Youth Shelter, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and 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.

Auditors' Responsibility

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

INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Casa Youth Shelter, Inc. 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.


Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Group Home Program Cost Report ("SR3") and Group Home Program Payroll and Fringe Benefits Report ("SR4"), for the year ended June 30, 2013, are presented for purposes of additional analysis as required by California Department of Social Services Administrative Standards Regulation Section 11-405.214 Fiscal and Financial Audits of AFCD- Foster Care, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013 on our consideration of Casa Youth Shelter, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Casa Youth Shelter, Inc.'s internal control over financial reporting and compliance.


GUZMAN & GRAY, CPAs
Long Beach, CA
October 15, 2013

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2013

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 435,889
Grants receivable	10,160
Prepaid expenses and deposits	27,550
	473,599
PROPERTY AND EQUIPMENT, Net	474,148
OTHER ASSETS	
Investments	874,333
Investments held for endowment purposes	230,284
Intangible assets, net	6,530
	1,111,147
TOTAL ASSETS	\$ 2,058,894

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 1,169
Accrued payroll and accrued vacation	18,669
	19,838
NONCURRENT LIABILITIES	
Notes payable	45,000
Total Liabilities	64,838
NET ASSETS	
Unrestricted	
Board designated Myldred E. Jones endowment fund	122,061
Undesignated	1,763,772
Unrestricted	1,885,833
Temporarily restricted	8,223
Permanently restricted	100,000
Total Net Assets	1,994,056
TOTAL LIABILITIES AND NET ASSETS	\$ 2,058,894

See Independent Auditors' Report and Accompanying Notes to Financial Statements

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	\$ 560,561			\$ 560,561
United Way allocations	69,819			69,819
Government grants	178,204			178,204
Program service fees	112,018			112,018
Special events, net of donor benefit expense of \$130,906	230,340			230,340
In kind donations	14,500			14,500
Other income	3,798			3,798
	1,169,240			1,169,240
Investment income, net	58,472	\$ 8,223		66,695
Total Support and Revenue	1,227,712	8,223		1,235,935
EXPENSES				
Program services				
Shelter, counseling, and outreach	875,694			875,694
Support services				
Management and general	122,292			122,292
Fundraising	57,899			57,899
Total Expenses	1,055,885			1,055,885
CHANGE IN NET ASSETS	171,827	8,223		180,050
NET ASSETS AT THE BEGINNING OF THE YEAR	1,714,006		\$ 100,000	1,814,006
NET ASSETS AT END OF YEAR	\$ 1,885,833	\$ 8,223	\$ 100,000	\$ 1,994,056

See Independent Auditors' Report and Accompanying Notes to Financial Statements

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 180,050
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	31,224
Amortization	594
Realized gain on sale of investments	(14,365)
Unrealized gain on investments	(36,674)
(Increase) decrease in assets	
Grants receivable	(10,160)
Prepaid expenses and deposits	17,596
Increase (decrease) in liabilities	
Accounts payable	(3,912)
Accrued payroll and accrued vacation	3,943
Net Cash From Operating Activities	<u>168,296</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(2,950)
Purchases of intangible assets	(7,124)
Proceeds from sale of investments	760,957
Purchases of investments	(826,596)
Net Cash From Investing Activities	<u>(75,713)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	92,583
BEGINNING CASH AND CASH EQUIVALENTS	<u>343,306</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 435,889</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES	
Interest Paid	<u>NONE</u>
Income Taxes Paid	<u>NONE</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2013

	Program Services	Supporting Services		Total
	Shelter, Counseling and Outreach	Management and General	Fundraising	
Salaries	\$ 579,419	\$ 37,831	\$ 46,460	\$ 663,710
Payroll taxes	54,315	3,546	4,355	62,216
Employee benefits	38,910	2,540	3,120	44,570
Activities, residents	3,589			3,589
Amortization		594		594
Board programs		6,371		6,371
Bank and merchant fees		9,247		9,247
Depreciation	28,102	3,122		31,224
Employee training	1,605	178		1,783
Employee recognition		7,174		7,174
Food	18,438			18,438
Insurance	14,260	1,585		15,845
Newsletter	11,129	2,782		13,911
Office expenses	9,815	4,207		14,022
Outside services		14,178		14,178
Postage	963	963	962	2,888
Professional services		23,400		23,400
Program supplies	22,361			22,361
Repairs and maintenance	22,648			22,648
Storage rental	991	110		1,101
Taxes, licenses and fees	13,789			13,789
Telephone	4,188	1,197	598	5,983
Utilities	11,801	1,311		13,112
Vehicle	9,404			9,404
Workers compensation	29,967	1,956	2,404	34,327
	<u>\$ 875,694</u>	<u>\$ 122,292</u>	<u>\$ 57,899</u>	<u>\$ 1,055,885</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Casa Youth Shelter, Inc. is a nonprofit organization located in Los Alamitos, California that was established in April 1977 to provide temporary shelter, counseling and other related services to runaways and youths in crisis. The Organization's mission is to enable these young people to come through the crisis with increased personal strength and a sense of renewal while in a supportive environment with family reunification as the primary goal.

Basis of Accounting

The accounting records of the Organization are maintained on the accrual basis of accounting.

Basis of Presentation

The Organization reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of each of these net asset classes is as follows:

Unrestricted Net Assets

Unrestricted net assets are utilized to record grants, contributions, special events, fees and other forms of unrestricted revenue and expenditures related to the general operations and special events efforts of the Organization that are not restricted by the donor through use or time restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets are utilized to record resources received that are restricted as to use or timing of receipt by the donor or grantor. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted.

Permanently Restricted Net Assets

Permanently restricted net assets are utilized to record resources received in which the principal is restricted in perpetuity as to use by the donor or grantor and only the income is available for use.

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net Assets Released from Restrictions

Net assets are released by incurring expenses satisfying the restriction or by occurrence of other events specified by donors.

The Organization shows restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. 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. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Fair Value of Financial Instruments

Generally accepted accounting principles (GAAP) define fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investments

Securities purchased by the Organization are stated at market value. Contributed securities are stated at their market value on the date of donation. Realized gains and losses on sale of securities are determined based on the cost of the individual securities and the sale price at the date of sale. Unrealized gains and losses on marketable securities are calculated as the difference between cost and market of all securities on hand from one year to the next based on market value at June 30, 2013 and reported in the statement of activities.

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchased property and equipment are stated at cost at the date of acquisition. Donated property and equipment are stated at fair market value at the date of the gift. Betterments and major improvements that significantly enhance an asset or extend the useful life of the asset are capitalized to property and equipment while ordinary repairs and maintenance costs that do not significantly extend the useful life of the asset are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range from three to seven years for equipment and furniture and fixtures, five years for vehicles and five to thirty years for building and improvements.

Contributed Materials and Services

The Organization typically receives significant quantities of donated materials, food and clothing throughout the year. Donated materials and services received in-kind are recorded at their fair market value when the donations are received. Some donated materials have not been reflected in the accompanying financial statements in part due to the difficulty in placing a monetary value on such materials.

Although many volunteer services are provided for the various programs, it is felt that none of these meet the criteria set forth by the Financial Accounting Standards Board for recording in the financial statements. Consequently, no such volunteer services have been recorded in the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from federal income and state franchise taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively. The Organization has been classified as “other than a private foundation” by the Internal Revenue Service.

The Organization evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. As of June 30, 2013, management does not believe the Organization has any uncertain tax positions requiring accrual or disclosure. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through October 15, 2013, which represents the date the financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT, net

Property and equipment, net as of June 30, 2013 is summarized as follows:

Buildings and improvements	\$ 860,531
Equipment, furniture and fixtures	81,432
Vehicles	<u>29,839</u>
	971,802
Less accumulated depreciation	<u>(604,954)</u>
	366,848
Land	<u>107,300</u>
	<u>\$ 474,148</u>

Depreciation expense was \$31,224 for the year ended June 30, 2013.

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 3 - INVESTMENTS

A summary of investments as of June 30, 2013 is as follows:

	<u>Cost</u>	<u>Unrealized Gain/ (Loss)</u>	<u>Market Value</u>
Money Market Funds	\$ 8,447		\$ 8,447
Publicly Traded Stocks	122,896	\$ 18,287	141,183
Structured Notes	51,097	(5,606)	45,491
Mutual Funds	860,165	34,331	894,496
Investments in DSI Properties	<u>15,000</u>		<u>15,000</u>
	<u>\$ 1,057,605</u>	<u>\$ 47,012</u>	<u>\$ 1,104,617</u>

Investments are classified on the statement of financial position as follows:

Investments	\$ 874,333
Investments held for endowment purposes	<u>230,284</u>
	<u>\$ 1,104,617</u>

A summary of Investment Income for the year ended June 30, 2013 is as follows:

Dividends and interest	\$ 24,599
Net realized gain	14,365
Net unrealized gain	36,674
Investment management fees	<u>(8,943)</u>
	<u>\$ 66,695</u>

NOTE 4 – NOTES PAYABLE

Notes payable relates to an interest free, deferred payment note, in the amount of \$45,000 payable upon sale or transfer of property. The note is secured by a deed of trust.

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 5 – INTANGIBLE ASSETS, net

Intangible assets as of June 30, 2013 are as follows:

Website development costs	\$ 7,124
Less: accumulated amortization	(<u>594</u>)
Website development costs, net	<u>\$ 6,530</u>

Future amortization expense as of June 30 is as follows:

<u>Year Ending</u>	
2014	\$ 1,425
2015	1,425
2016	1,425
2017	1,425
2018	<u>830</u>
	<u>\$ 6,530</u>

Amortization expense for the year ended June 30, 2013 was \$594.

NOTE 6 – LOSS CONTINGENCY

The Organization has received governmental grants for the operation of the program. Revenue, expenses and other financial activities recognized in accordance with these grants are subject to review and audit by grantor agencies for up to three to five years, depending on the period stated in the grant agreement. These reviews and audits may result in revenue and expenditure disallowances in subsequent years. Based on prior history, management believes that no material liability will result from such audits.

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 7 - NET ASSETS

Permanently Restricted

Permanently restricted net assets as of June 30, 2013 are summarized as follows:

Youth Development	\$ <u>100,000</u>
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The earnings from the permanently restricted funds are temporarily restricted for donor imposed purpose.

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash in various financial institutions which may, at times, exceed federally insured limits. From January 1, 2011 through December 31, 2012, the Federal Deposit Insurance Corporation (FDIC) fully insured, without limit, all non-interest bearing transaction accounts. Effective January 1, 2013, all accounts at an insured depository institution, including all non-interest bearing accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000. Uninsured balance was \$172,379 at June 30, 2013.

The Organization maintains cash and cash equivalent and investment balances at brokerage firms located in Southern California of which all such balances are uninsured. Uninsured balances aggregate to \$1,104,617 at June 30, 2013.

Cash and cash equivalents and investment balances deposited and maintained by financial institutions and brokerage firms differ from cash and cash equivalents and investments presented in the statement of financial position due to timing differences of financial institution bank account balances and classification of money market account balances held at brokerage firms.

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 9 – RELATED PARTY TRANSACTIONS

The Organization conducts regular business transactions with individuals who serve on the Organization's board of directors. During the year, such activities included accounting and printing services. These transactions have generally been carried out at arm's length. Total amount paid during the year was \$9,000 for accounting services and \$ 6,531 in printing services.

NOTE 10 – FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Other observable inputs, which include quoted prices for similar assets and liabilities, and market support inputs. These inputs could include such items as interest rates, yield curves, auction prices for equipment or per square foot selling prices for real estate.

Level 3: Inputs that are unobservable inputs for assets and liabilities are based on the Organization's assumptions. These include inputs that are internally developed and estimated.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair measurement in its entirety.

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 10 – FAIR VALUE MEASUREMENTS (Continued)

Fair Values Measured on a Recurring Basis

Fair values of assets measured on a recurring basis at June 30, 2013 are as follows:

	Fair Market Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Input Level 3
Money market	\$ 8,447	\$ 8,447		
Publicly traded stocks	141,183	141,183		
Structured notes	45,491		\$ 45,491	
Mutual funds	894,496	894,496		
Investments in DSI Properties	<u>15,000</u>			<u>\$ 15,000</u>
	<u>\$ 1,104,617</u>	<u>\$ 1,044,126</u>	<u>\$ 45,491</u>	<u>\$ 15,000</u>

Fair values for money market, stocks and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of the structured notes is measured using an expected present value technique. There is no trading market for the investments in the DSI properties and therefore the price is unobservable.

The carrying value of cash and cash equivalents, accounts receivable, and accounts payable are reasonable estimates of fair value due to the short term nature of these financial instruments and consequently these instruments are not presented in the table shown above.

The table below reconciles beginning and ending balances for Level 3 assets for the year ended June 30, 2013:

	<u>Level 3 Positions</u>
Balance as of June 30, 2013 and 2012	<u>\$ 15,000</u>

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 11 – ENDOWMENT FUNDS

General Board Policy on Administration of Endowment Funds

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as a permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

Investment Policy for Endowment Funds

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment assets while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity, debt securities and mutual funds, which are intended to result in a consistent inflation-protected rate of return. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 11 – ENDOWMENT FUNDS (Continued)

Spending Policy for Endowment Funds

The Organization has a policy of distributing donor restricted funds in the manner specified by the donor. Currently, these earnings from these funds are distributed for youth development purposes. The board grants scholarships to individuals participating in the program who apply for funds to offset the costs of collegiate education including tuition, fees, and books. Earnings from the board designated endowment funds will be spent based on the board's discretion and may be used for operations as necessary. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the endowment fund which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The policy is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Board Designated Endowment Funds

The Board Designated Endowment Funds was established in honor of the founder of the Organization, Myldred E. Jones. The net investment income may be appropriated by the Board of Directors for unrestricted purposes.

Endowment net assets consisted of the following as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds		\$ 8,223	\$ 100,000	\$ 108,223
Board designated endowment funds	\$ 122,061	_____	_____	<u>122,061</u>
Investments held for endowment purposes	<u>\$ 122,061</u>	<u>\$ 8,223</u>	<u>\$ 100,000</u>	<u>\$ 230,284</u>

CASA YOUTH SHELTER, INC.
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 11 – ENDOWMENT FUNDS (Continued)

Changes in endowment net assets as of June 30, 2013 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2012	\$ <u>112,788</u>	\$ _____	\$ <u>100,000</u>	\$ <u>212,788</u>
Investment return:				
Investment income	2,562	2,271		4,833
Net appreciation (Relized/unrealized)	<u>7,755</u>	<u>6,877</u>		<u>14,632</u>
	<u>10,317</u>	<u>9,148</u>		<u>19,465</u>
Investment management fees	(<u>1,044</u>)	(<u>925</u>)		(<u>1,969</u>)
Endowment net assets June 30, 2013	\$ <u>122,061</u>	\$ <u>8,223</u>	\$ <u>100,000</u>	\$ <u>230,284</u>

GROUP HOME PROGRAM COSTS REPORT (SR 3)

This form is to collect cost information for the group home program. Report actual allowable and reasonable costs. If the corporation operates more than one group home program and/or the program provides other services (example: day care, on-site education, adult services, foster family agency, etc.) costs **must be allocated** to the appropriate activity and only the allowable group home program costs for the program are to be reported. Describe the methodology used to allocate costs if other than the standard allocation methodology indicated in current regulations (MPP Section 11-402.8 et seq.) NOTE: A separate cost report form must be completed for each group home program operated by the corporation.

Number of months in cost reporting period 12

CORPORATE NAME:		PROGRAM NAME (IF DIFFERENT)	CORPORATE NUMBER	PROGRAM NUMBER	PROVIDER FISCAL YEAR (MO/YR - MO/YR)		
CASA YOUTH SHELTER, INC.			0814129	0506.00.01	07/12-6/13		
COST GROUPS		A	B	C	D	E	F
		TOTAL PROGRAM COSTS	OFFSETS	REASONABLENESS ADJUSTMENTS	FINAL COSTS (COL. A MINUS COLS. B & C)	PERCENTAGE OF TOTAL COSTS	CDSS USE ONLY
1	Child Care & Supervision	\$328,132			\$328,132	31.1%	
2	Social Work Activities	\$180,322			\$180,322	17.1%	
3	Food	\$22,933			\$22,933	2.2%	
4a	Shelter Costs - Building Rent & Leases				\$0	0.0%	
4b	Shelter Costs - Approved by Attorney General Self-Dealing Transactions Affiliated Leases				\$0	0.0%	
4c	Shelter Costs - Acquisition Mortgage: Principal & Interest				\$0	0.0%	
5	Building & Equipment	\$53,872			\$53,872	5.1%	
6	Utilities	\$19,095			\$19,095	1.8%	
7	Vehicles & Travel	\$9,404			\$9,404	0.9%	
8	Child-Related				\$0	0.0%	
9a	Executive Director Salary	\$133,952			\$133,952	12.7%	
9b	Assistance Director Salary				\$0	0.0%	
9c	Administrator Salary				\$0	0.0%	
9d	All Other Admin. Salaries	\$157,923			\$157,923	15.0%	
9e	Financial Audit Costs	\$14,400			\$14,400	1.4%	
9f	Administration (Minus Admin. Salaries and Financial Audit Costs)	\$135,852			\$135,852	12.9%	
	TOTAL	\$1,055,885	\$0	\$0	\$1,055,885	100.0%	
CDSS USE ONLY							KDE DATE

GROUP HOME PROGRAM

PAYROLL & FRINGE BENEFIT REPORT (SR 4)

Number of months in cost reporting period: 12

CORPORATE/LICENSEE NAME:	CORPORATE NUMBER:	PROGRAM NUMBER	PROVIDER FISCAL YR (MO/ YR - MO/ YR)
CASA YOUTH SHELTER, INC.	0814129	0506 00 01	07 12 06 12
	(1) Child Care & Supervision	(2) Social Work Activities	(3) CDSS USE ONLY
I. PAYROLL (DO NOT INCLUDE BENEFITS)	\$274,086	\$148,572	
II. FRINGE BENEFIT EXPENSE			
1. FICA Employer Tax (include MEDICARE)	\$20,968	\$11,366	
2. Unemployment Coverage (State & Federal)	\$2,861	\$2,633	
3. Workers' Compensation Insurance	\$13,147	\$7,723	
4. Medical Insurance Expense	\$16,178	\$9,504	
5. Retirement			
6. Other (Specify on back of form)	\$892	\$524	
TOTAL FRINGE BENEFITS (Add Lines 1 through 6)	\$54,046	\$31,750	
III. TOTAL PAYROLL & FRINGE BENEFITS	\$328,132	\$180,322	
IV. CONTRACTOR COSTS			
V. TOTAL (Add Line III and Line IV) Transfer to Column A, Lines 1 and 2, Cost Report (SR 3)	\$328,132	\$180,322	

CDSS USE ONLY

Guzman & Gray

Certified Public Accountants

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INDEPENDENT AUDITORS' 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*

To the Board of Directors of
Casa Youth Shelter, Inc.

We have audited, in accordance with the 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, the financial statements of Casa Youth Shelter, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casa Youth Shelter Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Youth Shelter, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

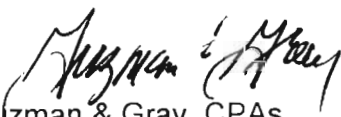
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Casa Youth Shelter Inc.'s financial statements are free from 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Guzman & Gray, CPAs
Long Beach, CA
October 15, 2013