

CASA YOUTH SHELTER, INC.
FINANCIAL STATEMENTS

JUNE 30, 2016

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1– 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7– 16
ADDITIONAL INFORMATION	
Group Home Program Costs Report (SR 3)	17
Group Home Program Payroll and Fringe Benefit Report (SR 4)	18
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	19– 20

Guzman & Gray

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270
Long Beach, California 90804

(562) 498-0997 Fax (562) 597-7359

Mark Gray, CPA
Patrick S. Guzman, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Casa Youth Shelter, Inc.

Report on 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, 2016, and the related statements of activities and changes in net assets, 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. 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.

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, 2016, 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, 2016, 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 18, 2016 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 18, 2016

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

JUNE 30, 2016

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 467,457
Grants receivable	11,920
Prepaid expenses and deposits	12,303
	<u>491,680</u>
 PROPERTY AND EQUIPMENT, Net	 <u>484,720</u>
 OTHER ASSETS	
Investments	974,439
Investments held for endowment purposes	248,913
Intangible assets, net	2,256
	<u>1,225,608</u>
 TOTAL ASSETS	 <u>\$ 2,202,008</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 3,423
Accrued payroll and vacation	22,885
	<u>26,308</u>
 NONCURRENT LIABILITIES	
Notes payable	45,000
Total Liabilities	<u>71,308</u>
 NET ASSETS	
Unrestricted	
Board designated Myldred E. Jones endowment fund	131,934
Undesignated	1,871,787
	<u>2,003,721</u>
Temporarily restricted	26,979
Permanently restricted	100,000
Total Net Assets	<u>2,130,700</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,202,008</u>

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, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	\$ 745,819			\$ 745,819
United Way allocations	524			524
Government grants	227,233			227,233
Program service fees	154,622			154,622
Special events, net of donor benefit expense of \$102,293	148,742			148,742
Other income	2,103			2,103
	<u>1,279,043</u>			<u>1,279,043</u>
Investment (loss), net	(25,477)	(3,840)		(29,317)
Gain on sale of equipment	4,000			4,000
Total Support and Revenue	<u>1,257,566</u>	<u>(3,840)</u>		<u>1,253,726</u>
EXPENSES				
Program services				
Shelter, counseling, and outreach	1,008,838			1,008,838
Support services				
Management and general	90,552			90,552
Fundraising	52,122			52,122
Total Expenses	<u>1,151,512</u>			<u>1,151,512</u>
CHANGE IN NET ASSETS	106,054	(3,840)		102,214
NET ASSETS AT THE BEGINNING OF THE YEAR	<u>1,897,667</u>	<u>30,819</u>	<u>\$ 100,000</u>	<u>2,028,486</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,003,721</u>	<u>\$ 26,979</u>	<u>\$ 100,000</u>	<u>\$ 2,130,700</u>

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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 102,214
Adjustments to reconcile change in net assets to net cash used by operating activities	
Gain from sale of equipment	(4,000)
Depreciation	38,676
Amortization	1,425
Realized loss on sale of investments	27,481
Unrealized loss on investments	22,132
(Increase) decrease in assets	
Grants receivable	(6,373)
Prepaid expenses and deposits	(10,425)
Increase (decrease) in liabilities	
Accrued expenses	(1,024)
Net Cash From Operating Activities	<u>170,106</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of equipment	4,000
Purchases of property and equipment	(68,426)
Proceeds from sale of investments	2,089,393
Purchases of investments	(2,109,570)
Net Cash From Investing Activities	<u>(84,603)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,503
BEGINNING CASH AND CASH EQUIVALENTS	<u>381,954</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 467,457</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, 2016

	Program Services Shelter, Counseling and Outreach	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 656,446	\$ 37,245	\$ 41,838	\$ 735,529
Payroll taxes	55,540	3,150	3,540	62,230
Employee benefits	54,089	3,069	3,447	60,605
Activities, residents	7,607			7,607
Amortization		1,425		1,425
Board programs	12,777			12,777
Bank and merchant fees		5,778		5,778
Depreciation	34,808	3,868		38,676
Employee training	5,076	564		5,640
Employee recognition		3,914		3,914
Food	33,672			33,672
Insurance	15,201	1,689		16,890
Miscellaneous		56		56
Newsletter	3,207	802		4,009
Office expenses	7,002	3,000		10,002
Outside services	11,766			11,766
Postage	726		748	2,200
Professional services		20,750		20,750
Program supplies	18,712			18,712
Repairs and maintenance	22,228			22,228
Taxes, licenses and fees	18,345			18,345
Telephone	5,601	1,600	800	8,001
Utilities	12,229	1,359		13,588
Vehicle	6,364			6,364
Workers compensation	27,442	1,557	1,749	30,748
	<u>\$ 1,008,838</u>	<u>\$ 90,552</u>	<u>\$ 52,122</u>	<u>\$ 1,151,512</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, 2016

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, 2016

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, 2016 and reported in the statement of activities.

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

JUNE 30, 2016

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.

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.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through October 18, 2016, which represents the date the financial statements were available to be issued.

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

JUNE 30, 2016

NOTE 2 – PROPERTY AND EQUIPMENT, net

Property and equipment, net as of June 30, 2016 is summarized as follows:

Buildings and improvements	\$	888,992
Equipment, furniture and fixtures		126,234
Vehicles		<u>35,193</u>
		1,050,419
Less accumulated depreciation	(<u>672,999)</u>
		377,420
Land		<u>107,300</u>
	\$	<u><u>484,720</u></u>

Depreciation expense was \$38,676 for the year ended June 30, 2016.

NOTE 3 - INVESTMENTS

A summary of investments as of June 30, 2016 is as follows:

	<u>Cost</u>	<u>Unrealized Gain/ (Loss)</u>	<u>Market Value</u>
Money Market Funds	\$ 13,881		\$ 13,881
Publicly Traded Stocks	86,797	(\$ 1,865)	84,932
Mutual Funds	<u>1,126,696</u>	<u>(2,157)</u>	<u>1,124,539</u>
	<u>\$ 1,227,374</u>	<u>(\$ 4,022)</u>	<u>\$ 1,223,352</u>

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

Investments	\$	974,439
Investments held for endowment purposes		<u>248,913</u>
		<u><u>\$ 1,223,352</u></u>

A summary of Investment Income for the year ended June 30, 2016 is as follows:

Dividends and interest	\$	30,874
Net realized loss	(27,481)
Net unrealized loss	(22,132)
Investment management fees	(<u>10,578)</u>
		<u><u>(\$ 29,317)</u></u>

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

JUNE 30, 2016

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.

NOTE 5 – INTANGIBLE ASSETS, net

Intangible assets as of June 30, 2016 are as follows:

Website development costs	\$ 7,124
Less: accumulated amortization	(4,868)
Website development costs, net	<u>\$ 2,256</u>

Future amortization expense as of June 30 is as follows:

	<u>Year Ending</u>
2017	1,425
2018	<u>831</u>
	<u>\$ 2,256</u>

Amortization expense for the year ended June 30, 2016 was \$1,425.

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, 2016

NOTE 7 - NET ASSETS

Temporarily Restricted

Temporarily restricted net assets as of June 30, 2016 are summarized as follows:

Endowment Earnings	\$ 16,979
Post Secondary Scholarship Support	<u>10,000</u>
Total temporarily restricted	<u>\$ 26,979</u>

Permanently Restricted

Permanently restricted net assets as of June 30, 2016 are summarized as follows:

Youth Development	<u>\$ 100,000</u>
-------------------	-------------------

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. 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 \$203,809 at June 30, 2016.

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 \$1,223,352 at June 30, 2016.

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, 2016

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 \$ 2,547 for 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, 2016

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, 2016 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 Funds	\$ 13,881	\$ 13,881		
Publicly Traded Stocks	84,932	84,932		
Mutual Funds	1,124,539	1,124,539		
	<u>\$ 1,223,352</u>	<u>\$ 1,223,352</u>	<u>\$ 0</u>	<u>\$ 0</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.

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.

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.

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

JUNE 30, 2016

NOTE 11 – ENDOWMENT FUNDS (Continued)

General Board Policy on Administration of Endowment Funds (Continued)

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.

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.

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

JUNE 30, 2016

NOTE 11 – ENDOWMENT FUNDS (Continued)

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, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds		\$ 16,979	\$ 100,000	\$ 116,979
Board designated endowment funds	\$ 131,934			131,934
Investments held for endowment purposes	<u>\$ 131,934</u>	<u>\$ 16,979</u>	<u>\$ 100,000</u>	<u>\$ 248,913</u>

Changes in endowment net assets as of June 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2015	\$ 136,265	\$ 20,819	\$ 100,000	\$ 257,084
Investment return:				
Investment income	3,115	2,763		5,878
Net appreciation (Realized/unrealized)	(6,297)	(5,584)		(11,881)
	(3,182)	(2,821)		(6,003)
Investment management fees	(1,149)	(1,019)		(2,168)
Endowment net assets June 30, 2016	<u>\$ 131,934</u>	<u>\$ 16,979</u>	<u>\$ 100,000</u>	<u>\$ 248,913</u>

ADDITIONAL INFORMATION

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	7/15-6/16		
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	\$373,605			\$373,605	32.4%	
2	Social Work Activities	\$203,976			\$203,976	17.7%	
3	Food	\$33,672			\$33,672	2.9%	
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	\$60,904			\$60,904	5.3%	
6	Utilities	\$21,589			\$21,589	1.9%	
7	Vehicles & Travel	\$6,364			\$6,364	0.6%	
8	Child-Related				\$0	0.0%	
9a	Executive Director Salary	\$133,016			\$133,016	11.6%	
9b	Assistance Director Salary				\$0	0.0%	
9c	Administrator Salary				\$0	0.0%	
9d	All Other Admin. Salaries	\$178,515			\$178,515	15.5%	
9e	Financial Audit Costs	\$11,600			\$11,600	1.0%	
9f	Administration (Minus Admin. Salaries and Financial Audit Costs)	\$128,271			\$128,271	11.1%	
TOTAL		\$1,151,512	\$0	\$0	\$1,151,512	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 15 06 16

	(1) Child Care & Supervision	(2) Social Work Activities	(3) CDSS USE ONLY
I. PAYROLL (DO NOT INCLUDE BENEFITS)	\$309,222	\$168,660	
II. FRINGE BENEFIT EXPENSE			
1. FICA Employer Tax (include MEDICARE)	\$23,656	\$12,902	
2. Unemployment Coverage (State & Federal)	\$2,431	\$1,407	
3. Workers' Compensation Insurance	\$12,890	\$7,070	
4. Medical Insurance Expense	\$24,356	\$13,360	
5. Retirement			
6. Other (Specify on back of form)	\$1,050	\$576	
TOTAL FRINGE BENEFITS (Add Lines 1 through 6)	\$64,383	\$35,315	
III. TOTAL PAYROLL & FRINGE BENEFITS	\$373,605	\$203,975	
IV. CONTRACTOR COSTS			
V. TOTAL (Add Line III and Line IV) Transfer to Column A, Lines 1 and 2, Cost Report (SR 3)	\$373,605	\$203,975	

CDSS USE ONLY

Guzman & Gray

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270
Long Beach, California 90804
(562) 498-0997 Fax (562) 597-7359

Mark Gray, CPA
Patrick S. Guzman, CPA

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, 2016, 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 18, 2016.

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.

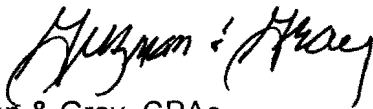
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS (Continued)*

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 18, 2016