

**CHILDREN'S BUREAU OF  
SOUTHERN CALIFORNIA AND  
CHILDREN'S BUREAU FOUNDATION**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

To the Boards of Directors  
Children's Bureau of Southern California and  
Children's Bureau Foundation

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Children's Bureau of Southern California and Children's Bureau Foundation (nonprofit organizations) (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2014, 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.

To the Boards of Directors  
Children's Bureau of Southern California and  
Children's Bureau Foundation

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 11, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

**Other Matters - Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal and Non-Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, the consolidating statements of financial position and activities and the Department of Social Services Form 12FFA are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014 on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

*Green Hasson & Janks LLP*

November 3, 2014  
Los Angeles, California

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2014

With Summarized Totals at June 30, 2013

<b>ASSETS</b>	2014			Total	2013
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Cash and Cash Equivalents	\$ 2,780,121	\$ 180,000	\$ -	\$ 2,960,121	\$ 4,109,239
Investments	10,275,006	835,627	1,607,000	12,717,633	9,146,196
Accounts and Other Receivables	2,841,805	-	-	2,841,805	3,918,514
Pledges Receivable (Net)	-	2,195,670	-	2,195,670	141,434
Prepaid Expenses and Other Assets	311,716	-	-	311,716	325,999
Notes Receivable	17,460,000	-	-	17,460,000	17,460,000
Property and Equipment (Net)	16,949,422	-	-	16,949,422	17,541,842
Due from Affiliates	517,611	-	-	517,611	262,624
<b>TOTAL ASSETS</b>	<b>\$ 51,135,681</b>	<b>\$ 3,211,297</b>	<b>\$ 1,607,000</b>	<b>\$ 55,953,978</b>	<b>\$ 52,905,848</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES:</b>					
Accounts Payable	\$ 838,526	\$ -	\$ -	\$ 838,526	\$ 626,553
Accrued Liabilities	3,805,232	-	-	3,805,232	3,130,596
Notes Payable	24,000,000	-	-	24,000,000	24,000,000
<b>TOTAL LIABILITIES</b>	<b>28,643,758</b>	<b>-</b>	<b>-</b>	<b>28,643,758</b>	<b>27,757,149</b>
<b>NET ASSETS:</b>					
Unrestricted	22,491,923	-	-	22,491,923	22,840,714
Temporarily Restricted	-	3,211,297	-	3,211,297	700,985
Permanently Restricted	-	-	1,607,000	1,607,000	1,607,000
<b>TOTAL NET ASSETS</b>	<b>22,491,923</b>	<b>3,211,297</b>	<b>1,607,000</b>	<b>27,310,220</b>	<b>25,148,699</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 51,135,681</b>	<b>\$ 3,211,297</b>	<b>\$ 1,607,000</b>	<b>\$ 55,953,978</b>	<b>\$ 52,905,848</b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

With Summarized Totals for the Year Ended June 30, 2013

	2014			Total	2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>REVENUE AND SUPPORT:</b>					
Government Grants and Contracts	\$ 24,030,083	\$ -	\$ -	\$ 24,030,083	\$ 24,084,929
Contributions	1,444,400	3,358,895	-	4,803,295	1,701,067
Special Events (Net of Direct Donor Benefit Expenses of \$414,213)	883,903	-	-	883,903	1,103,801
Contributions In-Kind	1,883,088	-	-	1,883,088	1,354,311
United Way	18,750	-	-	18,750	40,000
Investment Income (Net)	879,893	276,076	-	1,155,969	995,343
Interest on Notes Receivable	277,877	-	-	277,877	277,877
Rental and Other Income	666,584	-	-	666,584	790,973
Net Assets Released from Purpose Restrictions	1,124,659	(1,124,659)	-	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>31,209,237</b>	<b>2,510,312</b>	<b>-</b>	<b>33,719,549</b>	<b>30,348,301</b>
<b>EXPENSES:</b>					
Program Services	26,464,427	-	-	26,464,427	25,604,028
Management and General	4,313,620	-	-	4,313,620	3,955,097
Fundraising	779,981	-	-	779,981	787,026
<b>TOTAL EXPENSES</b>	<b>31,558,028</b>	<b>-</b>	<b>-</b>	<b>31,558,028</b>	<b>30,346,151</b>
<b>CHANGE IN NET ASSETS</b>	<b>(348,791)</b>	<b>2,510,312</b>	<b>-</b>	<b>2,161,521</b>	<b>2,150</b>
Net Assets - Beginning of Year	22,840,714	700,985	1,607,000	25,148,699	25,146,549
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 22,491,923</b>	<b>\$ 3,211,297</b>	<b>\$ 1,607,000</b>	<b>\$ 27,310,220</b>	<b>\$ 25,148,699</b>

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2014

With Summarized Totals for the Year Ended June 30, 2013

	2014									2013 Total
	Program Services				Supporting Services				Total	
	Child Abuse Prevention Services	Mental Health	Specialized Foster Care and Adoption	Total Program Services	Management and General	Fundraising	Total Support Services			
Salaries	\$ 4,922,611	\$ 5,449,156	\$ 2,240,218	\$ 12,611,985	\$ 1,789,185	\$ 549,566	\$ 2,338,751	\$ 14,950,736	\$ 14,785,158	
Employee Benefits and Payroll Taxes	1,342,241	1,363,722	578,368	3,284,331	502,222	119,187	621,409	3,905,740	3,754,200	
<b>TOTAL PERSONNEL COSTS</b>	<b>6,264,852</b>	<b>6,812,878</b>	<b>2,818,586</b>	<b>15,896,316</b>	<b>2,291,407</b>	<b>668,753</b>	<b>2,960,160</b>	<b>18,856,476</b>	<b>18,539,358</b>	
Professional and Temporary Services	469,361	979,215	245,828	1,694,404	405,823	16,038	421,861	2,116,265	1,422,889	
Direct Client Services	122,790	1,163	1,825,827	1,949,780	-	827	827	1,950,607	1,925,953	
Awareness Campaign	1,735,745	-	-	1,735,745	-	-	-	1,735,745	1,285,775	
Subcontractors	1,110,603	404,770	-	1,515,373	-	-	-	1,515,373	1,849,035	
Occupancy	439,500	543,095	119,450	1,102,045	106,478	11,900	118,378	1,220,423	1,168,784	
Interest and Fees	-	-	-	-	720,267	-	720,267	720,267	720,267	
Depreciation	209,084	88,393	28,952	326,429	259,914	14,137	274,051	600,480	613,090	
Computers and Software	262,774	162,312	7,622	432,708	52,858	8,756	61,614	494,322	515,964	
Travel	201,832	102,048	95,483	399,363	6,630	4,062	10,692	410,055	441,507	
Recruitment and Training	226,844	39,688	85,110	351,642	25,362	8,243	33,605	385,247	384,012	
Supplies	218,668	98,235	17,589	334,492	28,331	4,313	32,644	367,136	317,090	
Equipment and Vehicle Expense	114,207	83,867	9,718	207,792	41,223	2,401	43,624	251,416	183,900	
Insurance	878	2,562	31,294	34,734	156,060	-	156,060	190,794	158,447	
Communications	86,479	51,180	14,230	151,889	22,323	1,673	23,996	175,885	207,995	
Utilities	65,955	50,281	11,940	128,176	43,570	3,619	47,189	175,365	174,560	
Dues and Subscriptions	6,063	23,029	250	29,342	58,857	5,479	64,336	93,678	74,677	
Printing and Postage	20,685	7,563	7,898	36,146	31,196	20,439	51,635	87,781	89,171	
Contributions	84,237	-	-	84,237	-	-	-	84,237	127,347	
Meetings	9,812	7,112	7,104	24,028	34,566	8,087	42,653	66,681	92,129	
Promotion and Outreach	7,278	-	-	7,278	22,946	931	23,877	31,155	35,204	
Miscellaneous	19,599	1,124	1,785	22,508	5,809	323	6,132	28,640	18,997	
<b>TOTAL 2014 FUNCTIONAL EXPENSES</b>	<b>\$ 11,677,246</b>	<b>\$ 9,458,515</b>	<b>\$ 5,328,666</b>	<b>\$ 26,464,427</b>	<b>\$ 4,313,620</b>	<b>\$ 779,981</b>	<b>\$ 5,093,601</b>	<b>\$ 31,558,028</b>		
				84%	14%	2%	16%	100%		
<b>TOTAL 2013 FUNCTIONAL EXPENSES</b>	<b>\$ 10,362,521</b>	<b>\$ 9,726,899</b>	<b>\$ 5,514,608</b>	<b>\$ 25,604,028</b>	<b>\$ 3,955,097</b>	<b>\$ 787,026</b>	<b>\$ 4,742,123</b>		<b>\$ 30,346,151</b>	
				84%	13%	3%	16%		100%	

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2014  
With Summarized Totals for the Year Ended June 30, 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 2,161,521	\$ 2,150
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	600,480	613,090
Realized and Unrealized Gains on Investments	(824,764)	(681,007)
(Increase) Decrease in:		
Accounts and Other Receivables	1,076,709	169,241
Pledges Receivable	(2,054,236)	529,476
Prepaid Expenses and Other Assets	14,283	(51,020)
Due from Affiliates	(254,987)	(162,283)
Increase (Decrease) in:		
Accounts Payable	211,973	(192,848)
Accrued Liabilities	674,636	(39,655)
	1,605,615	187,144
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Property and Equipment	(8,060)	(14,873)
Purchase of Investments	(3,344,026)	(330,061)
Proceeds on Sale of Investments	597,353	809,188
	(2,754,733)	464,254
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,149,118)	651,398
Cash and Cash Equivalents - Beginning of Year	4,109,239	3,457,841
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,960,121	\$ 4,109,239
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid During the Year for Interest	\$ 720,267	\$ 720,267

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements



**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 1 - NATURE OF ORGANIZATION**

Since 1904, Children's Bureau of Southern California (Children's Bureau) ([www.all4kids.org](http://www.all4kids.org)) has been a nonprofit leader in the prevention and treatment of child abuse and neglect. More than 28,000 children and families are helped each year throughout Southern California with services that include school readiness, parenting classes, family resource centers, support groups, mental health, foster care, adoption and more.

**Mission.** Children's Bureau is committed to providing vulnerable children - especially in the early years - the foundation necessary to become caring and productive adults by:

- Preventing child abuse and neglect;
- Protecting, nurturing, and treating abused children;
- Enhancing the potential of families and communities to meet the needs of their children; and
- Advancing the welfare of children and families through superior programs in foster care, adoptions, child development, parent education, mental health, research, and advocacy.

**Vision.** Children's Bureau's vision is to significantly change the lives of at-risk children by providing state-of-the-art child abuse prevention and treatment services. While increasing the scope, depth, and volume of services, Children's Bureau engages in continuous discovery through research to determine and implement what works and is a passionate advocate on behalf of children and families.

The Children's Bureau Foundation (the Foundation) was founded in 1987 for the specific and primary purpose of providing financial support exclusively to Children's Bureau. The Foundation completed a \$23 million capital campaign for a new headquarters, Magnolia Place Family Center, which opened in January 2008. Today, Magnolia Place Family Center is at the heart of a broader vision known as the Magnolia Community Initiative, a ground-breaking national model for large scale community mobilization where children, living in the most vulnerable neighborhoods, break all records of success in their education and health milestones and in the nurturing they receive.

Children's Bureau receives substantial funding from county and state governmental agencies, with a portion of its funding originating from the federal government. Other foundation and corporate grants, as well as private donations, also make up a portion of annual revenue and support.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the accounts of Children's Bureau of Southern California and Children's Bureau Foundation (collectively, the Organization). All inter-organization balances and transactions have been eliminated on consolidation.

**(b) BASIS OF PRESENTATION**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) ACCOUNTING**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Organization are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Temporarily Restricted.** The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from purpose or time restrictions. At June 30, 2014, the Organization has temporarily restricted net assets of \$3,211,297.
- **Permanently Restricted.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets. At June 30, 2014, the Organization has permanently restricted net assets of \$1,607,000.

**(d) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are short-term, highly liquid investments with original maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2014 approximates its fair value.

**(e) INVESTMENTS**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the consolidated statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by donor stipulations or by law.

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) INVESTMENTS (continued)**

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

**(f) ACCOUNTS AND OTHER RECEIVABLES**

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectibility of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2014, the majority of receivables are due from governmental agencies and no allowance for doubtful accounts was considered necessary.

**(g) CONCENTRATION OF CREDIT RISKS**

The Organization maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on these accounts.

Approximately 71% of the Organization's revenue and support is provided by various government agencies. The Organization anticipates that it will continue to run these programs although there can be no assurance that the Organization will be able to obtain future grant agreements upon the expiration of the current term of the contracts. Included in the accounts and other receivables balance outstanding at June 30, 2014 is \$2,820,770 of government contracts receivable due from county, state, and federal granting agencies. Concentration of credit risk with respect to these receivables is limited, as the majority of the Organization's receivables consist of earned revenue from contract programs granted by government agencies.

**(h) CONTRIBUTIONS AND PLEDGES RECEIVABLE**

Unconditional contributions, including pledges recorded at fair value, are recognized as revenues when the pledge is received. The Organization reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give are not included as support until such time as the conditions are substantially met. The Organization evaluated the collectability of pledges receivable at June 30, 2014 and an allowance for doubtful pledges of \$15,000 was established.

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(i) PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost at the date of acquisition if purchased or at estimated fair value at the date of donation if donated. Depreciation and amortization are computed using the straight-line basis over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Buildings and Improvements	33 - 40 Years
Furniture and Equipment	4 - 15 Years
Leasehold Improvements	Lease Term

Expenditures for repairs and maintenance are charged to expense as incurred while renewals and betterments are capitalized. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year.

**(j) LONG-LIVED ASSETS**

The Organization evaluates the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended June 30, 2014.

**(k) CONTRIBUTED GOODS AND SERVICES**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, were provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods and services were valued at \$1,883,088 for the year ended June 30, 2014, which consists of \$1,735,745 for the Organization's awareness campaign and \$147,343 for pro-bono legal services.

**(l) INCOME TAXES**

The Organization is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

**(m) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the Organization's programs and other activities have been presented in the consolidated statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and supporting services by a method that best measures the relative degree of benefit. The Organization uses direct service staff compensation and square footage to allocate indirect costs.

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(n) USE OF ESTIMATES**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

**(o) COMPARATIVE TOTALS**

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2013 from which the summarized information was derived.

**(p) SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2014 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through November 3, 2014, the date these consolidated financial statements were available to be issued. No such material events or transactions were noted to have occurred.

**NOTE 3 - INVESTMENTS**

At June 30, 2014, investments consist of the following:

Money Market and Cash Equivalents	\$ 2,519,504
Mutual Funds:	
Income / Bond Funds	194,711
Emerging Markets Index Funds	82,349
Other Index Funds	76,180
Corporate Stocks	5,829,221
Corporate and Municipal Bonds	3,461,986
Certificates of Deposit	553,682
	<hr/>
<b>TOTAL INVESTMENTS</b>	<b>\$ 12,717,633</b>
	<hr/> <hr/>

Net investment income for the year ended June 30, 2014 consists of the following:

Interest and Dividend Income	\$ 331,205
Net Realized and Unrealized Gains	824,764
	<hr/>
<b>INVESTMENT INCOME (NET)</b>	<b>\$ 1,155,969</b>
	<hr/> <hr/>

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 4 - FAIR VALUE MEASUREMENTS**

The Organization has implemented the accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about the Organization's assets that are measured at fair value on a recurring basis at June 30, 2014 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2014	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market and Cash Equivalents	\$ 2,519,504	\$ 2,519,504	\$ -	\$ -
Mutual Funds:				
Income / Bond Funds	194,711	194,711	-	-
Emerging Markets Index Funds	82,349	82,349	-	-
Other Index Funds	76,180	76,180	-	-
<b>TOTAL MUTUAL FUNDS</b>	<b>353,240</b>	<b>353,240</b>	<b>-</b>	<b>-</b>
Corporate Stocks	5,829,221	5,829,221	-	-
Corporate and Municipal Bonds	3,461,986	-	3,461,986	-
Certificates of Deposit	553,682	-	553,682	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 12,717,633</b>	<b>\$ 8,701,965</b>	<b>\$ 4,015,668</b>	<b>\$ -</b>

The fair values of marketable securities within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The corporate and municipal bonds and certificates of deposit within Level 2 have been valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 5 - PLEDGES RECEIVABLE**

Pledges receivable at June 30, 2014 are expected to be collected as follows:

Within One Year	\$ 1,560,670
In One to Five Years	<u>650,000</u>
<b>TOTAL</b>	<b>2,210,670</b>
Less: Allowance for Doubtful Pledges	<u>(15,000)</u>
<b>PLEDGES RECEIVABLE (NET)</b>	<b><u>\$ 2,195,670</u></b>

**NOTE 6 - NOTES RECEIVABLE**

Notes receivable at June 30, 2014 consist of the following:

Note Receivable from all4kids in the Original Principal Amount of \$13,660,000, Secured by Pledge of Certain Assets, Interest at 1.45% per Annum, Unpaid Principal and Interest Due December 2015	\$ 13,660,000
Note Receivable from all4kids in the Original Principal Amount of \$3,800,000, Secured by Pledge of Certain Assets, Interest at 1.75% per Annum, Plus 1-Month LIBOR Adjusted for Any Reserve Requirement, Unpaid Principal and Interest Due February 2015	<u>3,800,000</u>
<b>TOTAL NOTES RECEIVABLE</b>	<b><u>\$ 17,460,000</u></b>

Interest income recognized by the Organization on these notes receivable during the year ended June 30, 2014 was \$277,877.

The one-month LIBOR rate was 0.15% at June 30, 2014.

**NOTE 7 - PROPERTY AND EQUIPMENT**

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

Land	\$ 3,176,936
Buildings and Improvements	16,804,811
Furniture and Equipment	1,396,937
Leasehold Improvements	<u>864,624</u>
<b>TOTAL</b>	<b>22,243,308</b>
Less: Accumulated Depreciation	<u>(5,293,886)</u>
<b>PROPERTY AND EQUIPMENT (NET)</b>	<b><u>\$ 16,949,422</u></b>

Depreciation expense for the year ended June 30, 2014 was \$600,480.

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 8 - ACCRUED LIABILITIES**

Accrued liabilities consist of the following at June 30, 2014:

Department of Mental Health Contract Reserve [Note 15(c)]	\$ 1,190,204
Accrued Payroll and Benefits	887,083
Accrued Vacation	735,065
Deferred Compensation Liabilities	324,778
Reserve for Unemployment Liability (Note 9)	238,690
Wraparound Contract Reserve [Note 15(c)]	219,024
Targeted Case Management Reserve [Note 15(c)]	146,734
Other Accrued Liabilities	63,654
<b><i>TOTAL ACCRUED LIABILITIES</i></b>	<b>\$ 3,805,232</b>

**NOTE 9 - SELF-INSURANCE**

The Organization has elected to be self-insured for the purposes of California State Unemployment Insurance. The reserve for unemployment liability at June 30, 2014 of \$238,690 (included in accrued liabilities) represents estimated future claims arising from current and past employees. Unemployment expense for the year ended June 30, 2014 was \$119,924.

	Gross Claims Liability	Estimated Insurance Recoveries	Net Claims Liability
Balance at July 1, 2013	\$ 191,032	\$ -	\$ 191,032
Self-Insurance Expenses Incurred	119,924	-	119,924
Payments Made to Fund Related Liabilities	(72,266)	-	(72,266)
<b><i>BALANCE AT JUNE 30, 2014</i></b>	<b>\$ 238,690</b>	<b>\$ -</b>	<b>\$ 238,690</b>

**NOTE 10 - LINE OF CREDIT**

The Organization has a revolving line of credit with Bank of America due December 31, 2014 in the amount of \$4,500,000. The line of credit bears interest at BBA LIBOR daily floating rate plus 2.5 percentage points. The line is collateralized with certain brokerage accounts. At June 30, 2014, no balance was due on the line of credit.

The daily LIBOR rate was 0.1% at June 30, 2014.



**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 11 - NOTES PAYABLE AND NEW MARKET TAX CREDIT FUNDING**

The New Market Tax Credit (NMTC) program is a federal subsidy program for economic development of depressed areas. The NMTC program is designed to stimulate the flow of investment capital into underserved areas by providing tax credits of 39% of an investment in a low-income community, which is claimed over a seven year credit allowance period.

On February 7, 2008, U.S. Bancorp Community Development Corporation (USBCDC) invested \$7,020,000 in SCD VIII Investment Company, LLC (the Investment Fund). U.S. Bank National Association provided a loan (Leveraged Loan A) to the Investment Fund in the amount of \$3,800,000, and all4kids, a nonprofit corporation affiliated with the Organization, provided a loan (Leveraged Loan B) to the Investment Fund in the amount of \$13,660,000.

On May 14, 2008, all4kids acquired the Leveraged Loan A from U.S. Bank. all4kids was funded by a \$13,660,000 loan from the Foundation, dated February 7, 2008, and a \$3,800,000 loan from the Foundation, dated May 14, 2008. The total funding of \$17,460,000 to all4kids from the Foundation is shown as notes receivable (See Note 6).

On February 7, 2008, the Investment Fund contributed \$24,000,000 to Stonehenge Community Development VIII, LLC (the Lender) for a 99.99% ownership interest in the Lender.

On February 7, 2008, the Lender provided three loans to Children's Bureau in the aggregate amount of \$24,000,000 for the acquisition and construction of Magnolia Place Family Center.

These three notes payable at June 30, 2014 consist of the following:

Note Payable - Loan A, Principal Due at Maturity, Maturing February 7, 2015, No Prepayment Permissible Through February 2015	\$ 3,800,000
Note Payable - Loan B, Principal Due at Maturity, Maturing December 7, 2015, No Prepayment Permissible Through February 2015	13,660,000
Note Payable - Loan C, Principal Due at Maturity, Maturing February 7, 2038, No Prepayment Permissible Through February 2015	<u>6,540,000</u>
<b><i>TOTAL NOTES PAYABLE</i></b>	<b><u><u>\$ 24,000,000</u></u></b>

Interest only payments on each loan are due monthly by Children's Bureau at a floating rate per annum of 2.96%, plus or minus the adjustment amount as defined. These loans are guaranteed by the Foundation. The Foundation and Children's Bureau also guaranty and indemnify USBCDC for any disallowance or recapture of tax credits as a result of Children's Bureau failing to qualify as a Qualified Low-Income Community Business, any subtenants of the property not constituting qualified businesses under the Treasury Regulations, any prepayment of the loans in violation of the documents evidencing the loans, and any violation of any of the material terms of the documents evidencing the loans.

On February 7, 2015, USBCDC has the right, pursuant to an Investment Fund Put and Call Agreement, to require Children's Bureau to purchase its 100% interest in the Investment Fund for \$1,000. If USBCDC does not exercise its put right, Children's Bureau has the right to require USBCDC to sell its 100% interest in the Investment Fund for the fair market value of the interest.

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 11 - NOTES PAYABLE AND NEW MARKET TAX CREDIT FUNDING (continued)**

On the ninetieth day following the earlier to occur of: (a) USBCDC exercising its put right pursuant to the Investment Fund Put and Call Agreement, or (b) February 7, 2015, Stonehenge Community Development, LLC (Stonehenge) has the right pursuant to a CDE Put and Call Agreement to require Children's Bureau to purchase a .01% interest in the Lender for \$1,200,000. If Stonehenge does not exercise its put right, Children's Bureau may require Stonehenge to sell its .01% interest in the Lender for the fair market value of interest. Once Children's Bureau has acquired 100% of the membership interest in the Lender, it may cancel or restructure Loan C.

Interest expense on the above notes payable for the year ended June 30, 2014 was \$720,267.

Future maturities of notes payable are as follows:

<b>Years Ending June 30</b>	
2015	\$ 3,800,000
2016	13,660,000
Thereafter	<u>6,540,000</u>
<b>TOTAL</b>	<b><u>\$ 24,000,000</u></b>

**NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2014 are restricted to the following:

Time Restrictions	\$ 345,670
Magnolia Community Initiative	1,350,000
Family Enrichment Program	500,000
Program Restrictions	180,000
Donor Restricted Endowment Funds (Note 13)	<u>835,627</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 3,211,297</u></b>

**NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS**

The Organization's endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts and bequests to either provide a permanent endowment, which is to provide a permanent source of income to the Organization, or a term endowment, which is to provide income for a specified period to the Organization.

The Organization's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanently restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

As a result, permanently restricted net assets include the fair value of the original and subsequent gifts made to the endowment fund and any accumulations required by donor stipulation. Accumulated earnings as well as gains and losses related to endowment assets are classified as temporarily restricted until they are either appropriated by the Board of Directors for use in current operations or in accordance with donor stipulations.

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS AND ENDOWMENTS** (continued)

The investment objective of the endowment funds is to attain a total return that provides for preservation of principal and long-term growth in real terms. To achieve this investment objective, the endowment funds are invested in accordance with the investment policy of the Organization.

The Organization's Board of Directors determines the utilization of the endowment funds each year with reference to specific donor instructions. This utilization is incorporated into the Organization's annual budget, which is approved by the Board of Directors each year. In accordance with California law, the original corpus (historical cost) of each endowment gift cannot be utilized.

**Endowment Net Asset  
Composition by Type of Fund  
at June 30, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	\$ -	\$ 835,627	\$ 1,607,000	\$ 2,442,627

**Changes in Endowment Net  
Assets for the Year Ended  
June 30, 2014**

Endowment Net Assets - Beginning of Year	\$ -	\$ 559,551	\$ 1,607,000	\$ 2,166,551
Investment Income	-	276,076	-	276,076
Appropriation of Endowment Assets for Expenditure	-	-	-	-
<b><i>ENDOWMENT NET ASSETS - END OF YEAR</i></b>	<b>\$ -</b>	<b>\$ 835,627</b>	<b>\$ 1,607,000</b>	<b>\$ 2,442,627</b>

**NOTE 14 - EMPLOYEE BENEFIT PLANS**

The Organization sponsors a defined contribution 401(k) plan that covers all eligible employees after one year of employment. During the year ended June 30, 2014, employer discretionary contributions to the plan were 3% of the employee's annual compensation, with a four-year vesting period. In addition, the plan makes additional contributions based on years of longevity with the Organization. Employer contributions to this plan for the year ended June 30, 2014 were \$422,575.

The Organization has an ineligible deferred compensation plan under Section 457(f) for its Chief Executive Officer (CEO). For each calendar year during the term, beginning August 25, 2008 and ending December 31, 2016, the Organization shall make a contribution to the account associated with this plan, equal to the difference between (i) the employer's contribution, if any, made on the CEO's behalf under the sponsored retirement plan; and (ii) twenty percent (20%) of the CEO's compensation, as defined. The CEO may also elect to make salary and bonus deferrals under this plan. The Organization maintains the account related to this plan on its books, on behalf of the employee. The CEO's interest in his account shall become fully vested and nonforfeitable on the applicable vesting dates as set forth in the plan agreement. The balance of the CEO's account shall be forfeited in its entirety if the CEO separates from service with the Organization prior to the applicable vesting dates as set forth in the plan agreement. The balance in the account related to this plan as of June 30, 2014 was \$217,691 and is included in accrued liabilities.

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

**(a) OBLIGATIONS UNDER OPERATING LEASES**

The Organization leases office space and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<b>Years Ending June 30</b>	
2015	\$ 750,637
2016	427,796
2017	<u>92,551</u>
<b>TOTAL</b>	<b><u>\$ 1,270,984</u></b>

Rent expense under operating lease for the year ended June 30, 2014 was \$870,559.

**(b) LEGAL PROCEEDINGS**

In the ordinary course of conducting its business, the Organization becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against the Organization which, from time to time, may have an impact on changes in net assets. The Organization does not believe that these proceedings, individually or in the aggregate, would have a material effect on the accompanying consolidated financial statements.

**(c) CONTRACTS**

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated. The Organization has established a reserve of \$1,190,204 for the possible disallowance of previously funded units of service under its contract with the Los Angeles County Department of Mental Health. The reserve is related to mental health contract years which have not yet been settled by the State of California. In addition, the Organization has established a reserve of \$219,024 related to previously funded costs for its Wraparound programs, a reserve of \$146,734 for Targeted Case Management related activities, and a reserve of \$18,000 for the State of California Preschool Program. Except as mentioned, the Organization has no other provisions on its consolidated financial statements for the possible disallowance of program costs related to any of its other governmental contracts and grants.

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2014**

**NOTE 15 - COMMITMENTS AND CONTINGENCIES (continued)**

**(d) OAKWOOD FAMILY RESOURCE CENTER**

The Organization provides support to Oakwood Family Resource Center (the Center), a community-based nonprofit organization serving the needs of children and families in certain low income areas of Los Angeles. During the year ended June 30, 2014, the Organization contributed \$84,237 to the Center, which is included in contributions in the consolidated statement of functional expenses. At June 30, 2014, the Center owed the Organization \$517,611 in connection with certain support and administrative services provided by the Organization, which is included in due from affiliates in the consolidated statement of financial position.

**CHILDREN'S BUREAU OF  
SOUTHERN CALIFORNIA AND  
CHILDREN'S BUREAU FOUNDATION**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2014

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS**

Year Ended June 30, 2014

Grantor/Passed Through Grantor/Program Title	Contract Number	Federal CFDA Number	Governmental Revenue		Program Expenditures from Governmental Revenue
			Federal	Non-Federal	
<b>FEDERAL AWARDS</b>					
<b>U.S. Department of Health and Human Services:</b>					
Passed through State of California Department of Social Services: Foster Care - Title IV-E (a)	07-021-13	93.658	\$ 1,150,043	\$ 2,443,816	\$ 3,593,859
Passed through County of Los Angeles, Department of Children and Family Services: Wraparound Approach Services (a)	04-011-08	93.658	609,634	968,649	1,578,283
Passed through County of Los Angeles Adoption Assistance		93.659	467,500	467,500	935,000
Passed through Children and Families Commission of Orange County: Medical Assistance Program: Medi-Cal Administrative Activities	N/A	93.778	92,371	-	92,371
Passed through County of Los Angeles Proposition 10 Commission - First 5 LA Medical Assistance Program: Medi-Cal Administrative Activities	683	93.778	2,029	-	2,029
Medi-Cal Administrative Activities	A00241	93.778	793	-	793
Passed through State of California Department of Social Services: Child Abuse Prevention and Treatment Act Strategies	STR3/11-14	93.669	967,081	-	967,081
Passed through County of Orange Social Services Agency Promoting Safe and Stable Families:					
Families and Communities Together Program	FSD0311	93.556	326,755	-	326,755
Families and Communities Together Program	FMM1111	93.556	56,223	-	56,223
Families and Communities Together Program	FHT0911	93.556	212,965	-	212,965
Families and Communities Together Program	FSD0711	93.556	113,401	-	113,401
Families and Communities Together Program	FCE0211	93.556	328,679	-	328,679
			1,038,023	-	1,038,023
Passed through County of Los Angeles, Department of Children and Family Services: Adoption Promotions Supporting Services	04-024-14	93.556	189,327	-	189,327
Adoption Promotions Supporting Services	04-024-15	93.556	346,762	-	346,762
Adoption Promotions Supporting Services	04-024-16	93.556	205,642	-	205,642
Adoption Promotions Supporting Services	04-024-17	93.556	232,767	-	232,767
			974,498	-	974,498
U.S. Committee for Refugees and Immigrants Office of Refugee Resettlement: Post Release Services for Unaccompanied Alien Children Program (a)	90ZU0081	93.676	153,614	-	153,614
<b>TOTAL U.S. Department of Health and Human Services</b>			5,455,586	3,879,965	9,335,551
<b>U.S. Department of Housing and Urban Development:</b>					
Passed through City of Huntington, Department of Economic Development: Community Development Block Grants/Entitlement Grants	B-08-MC-06-0506	14.218	43,172	-	43,172
Passed through City of Los Angeles Community Development Department: Community Development Block Grants					
1736 Family Crisis Center Subcontract (07/13 to 03/14)	116337	14.218	40,554	-	40,554
1736 Family Crisis Center Subcontract (04/14 to 06/14)	116337	14.218	16,203	-	16,203
<b>TOTAL U.S. Department of Housing and Urban Development</b>			99,929	-	99,929
<b>TOTAL FEDERAL AWARDS</b>			5,555,515	3,879,965	9,435,480

(a) Audited as a Major Program

See Independent Auditor's Report

**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS**  
Year Ended June 30, 2014

Grantor/Passed Through Grantor/Program Title	Contract Number	Federal CFDA Number	Governmental Revenue		Program Expenditures from Governmental Revenue
			Federal	Non-Federal	
<b>NON-FEDERAL AWARDS</b>					
County of Los Angeles, Department of Children and Family Services Prevention Initiative	76479		-	209,708	209,708
State of California Department of Education: State Preschool Program	CSPP-3156		-	341,216	341,216
Magnolia School District	SS12-02		-	99,133	99,133
State of California Department of Mental Health Passed through County of Los Angeles, Department of Mental Health	MH120844		-	10,318,416	10,318,416
Department of Mental Health	MH100668		-	32,156	32,156
State of California Department of Public Health Passed through County of Los Angeles, Department of Public Health	PH-002654		-	66,556	66,556
State of California: Passed through Children and Families Commission of Orange County: Infants Home Visitation Program	FCI-BN-12		-	777,333	777,333
Toddlers Home Visitation Program	FCI-BN-12		-	201,000	201,000
Targeted Case Management	N/A		-	176,337	176,337
			-	1,154,670	1,154,670
Passed through City of Los Angeles Office of the Mayor Gang Reduction and Youth Development Program Bresee Foundation Subcontract (07/13 to 06/14)	C-121399		-	58,582	58,582
Passed through, State of California California Family Resource Association			-	56,973	56,973
State of California: Passed through County of Los Angeles Proposition 10 Commission - First 5 LA: Early Learning Community Program	241		-	47,971	47,971
Partnership for Families	683		-	1,530,556	1,530,556
Select Home Visitation Program	831		-	137,638	137,638
Welcome Baby Program	Subcon to AVPH		-	365,452	365,452
Family, Friends, Neighbors	697		-	175,576	175,576
			-	2,257,193	2,257,193
<b>TOTAL NON-FEDERAL AWARDS</b>			-	14,594,603	14,594,603
<b>TOTAL FEDERAL AND NON-FEDERAL AWARDS</b>			\$ 5,555,515	\$ 18,474,568	\$ 24,030,083

**Summary of Significant Accounting Policies**

1. Basis of Accounting - The Schedule of Expenditures of Federal and Non-Federal Awards has been reported on the accrual basis of accounting.
2. The Organization is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.

See Independent Auditor's Report



**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
June 30, 2014**

<b>ASSETS</b>	Children's Bureau of Southern California	Children's Bureau Foundation	Intercompany Eliminations	Total
Cash and Cash Equivalents	\$ 2,707,645	\$ 252,476	\$ -	\$ 2,960,121
Investments	11,577,624	1,140,009	-	12,717,633
Accounts and Other Receivables	2,841,805	-	-	2,841,805
Pledges Receivable (Net)	1,945,670	250,000	-	2,195,670
Prepaid Expenses and Other Assets	311,716	-	-	311,716
Notes Receivable	13,660,000	17,460,000	(13,660,000)	17,460,000
Property and Equipment (Net)	16,949,422	-	-	16,949,422
Due from Affiliates	700,349	-	(182,738)	517,611
<b>TOTAL ASSETS</b>	<b>\$ 50,694,231</b>	<b>\$ 19,102,485</b>	<b>\$ (13,842,738)</b>	<b>\$ 55,953,978</b>
 <b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 838,526	\$ -	\$ -	\$ 838,526
Accrued Liabilities	3,805,232	-	-	3,805,232
Due to Affiliates	-	182,738	(182,738)	-
Notes Payable	24,000,000	13,660,000	(13,660,000)	24,000,000
<b>TOTAL LIABILITIES</b>	<b>28,643,758</b>	<b>13,842,738</b>	<b>(13,842,738)</b>	<b>28,643,758</b>
<b>NET ASSETS:</b>				
Unrestricted	17,482,176	5,009,747	-	22,491,923
Temporarily Restricted	2,961,297	250,000	-	3,211,297
Permanently Restricted	1,607,000	-	-	1,607,000
<b>TOTAL NET ASSETS</b>	<b>22,050,473</b>	<b>5,259,747</b>	<b>-</b>	<b>27,310,220</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 50,694,231</b>	<b>\$ 19,102,485</b>	<b>\$ (13,842,738)</b>	<b>\$ 55,953,978</b>

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**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA  
AND CHILDREN'S BUREAU FOUNDATION**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014**

	Children's Bureau of Southern California	Children's Bureau Foundation	Intercompany Eliminations	Total
<b>REVENUE AND SUPPORT:</b>				
Government Grants and Contracts	\$ 24,030,083	\$ -	\$ -	\$ 24,030,083
Contributions	5,023,562	500,000	(720,267)	4,803,295
Special Events (Net of Direct Donor Benefit Expenses of \$414,213)	883,903	-	-	883,903
Contributions In-Kind	1,883,088	-	-	1,883,088
United Way	18,750	-	-	18,750
Investment Income (Net)	1,152,456	3,513	-	1,155,969
Interest on Notes Receivable	-	277,877	-	277,877
Rental and Other Income	666,584	-	-	666,584
<b>TOTAL REVENUE AND SUPPORT</b>	<b>33,658,426</b>	<b>781,390</b>	<b>(720,267)</b>	<b>33,719,549</b>
<b>EXPENSES:</b>				
Program Services	26,464,427	720,267	(720,267)	26,464,427
Management and General	4,303,157	10,463	-	4,313,620
Fundraising	779,981	-	-	779,981
<b>TOTAL EXPENSES</b>	<b>31,547,565</b>	<b>730,730</b>	<b>(720,267)</b>	<b>31,558,028</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,110,861</b>	<b>50,660</b>	<b>-</b>	<b>2,161,521</b>
Net Assets - Beginning of Year	19,939,612	5,209,087	-	25,148,699
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 22,050,473</b>	<b>\$ 5,259,747</b>	<b>\$ -</b>	<b>\$ 27,310,220</b>

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