

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

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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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, 2015, 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 3, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited 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 December 3, 2015 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

December 3, 2015
Los Angeles, California

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2015

With Summarized Totals at June 30, 2014

ASSETS	2015			Total	2014
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Cash and Cash Equivalents	\$ 4,853,961	\$ 14,855	\$ -	\$ 4,868,816	\$ 2,960,121
Investments	9,613,363	743,647	1,607,000	11,964,010	12,717,633
Accounts and Other Receivables	2,969,841	-	-	2,969,841	2,841,805
Pledges Receivable	-	967,462	-	967,462	2,195,670
Prepaid Expenses and Other Assets	230,795	-	-	230,795	311,716
Notes Receivable	-	-	-	-	17,460,000
Property and Equipment (Net)	16,543,393	-	-	16,543,393	16,949,422
Due from Affiliates	32,176	-	-	32,176	517,611
TOTAL ASSETS	\$ 34,243,529	\$ 1,725,964	\$ 1,607,000	\$ 37,576,493	\$ 55,953,978
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts Payable	\$ 679,619	\$ -	\$ -	679,619	\$ 838,526
Accrued Liabilities	4,267,982	-	-	4,267,982	3,805,232
Notes Payable	-	-	-	-	24,000,000
TOTAL LIABILITIES	4,947,601	-	-	4,947,601	28,643,758
NET ASSETS:					
Unrestricted:					
Undesignated	28,118,966	-	-	28,118,966	21,319,353
Board Designated	1,176,962	-	-	1,176,962	1,172,570
TOTAL UNRESTRICTED NET ASSETS	29,295,928	-	-	29,295,928	22,491,923
Temporarily Restricted	-	1,725,964	-	1,725,964	3,211,297
Permanently Restricted	-	-	1,607,000	1,607,000	1,607,000
TOTAL NET ASSETS	29,295,928	1,725,964	1,607,000	32,628,892	27,310,220
TOTAL LIABILITIES AND NET ASSETS	\$ 34,243,529	\$ 1,725,964	\$ 1,607,000	\$ 37,576,493	\$ 55,953,978

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, 2015

With Summarized Totals for the Year Ended June 30, 2014

	2015			Total	2014 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUE AND SUPPORT:					
Government Grants and Contracts	\$ 24,886,443	\$ -	\$ -	\$ 24,886,443	\$ 24,030,083
Contributions	1,107,981	624,462	-	1,732,443	4,822,045
Special Events (Net of Direct Donor Benefit Expenses of \$426,015)	1,173,019	-	-	1,173,019	883,903
Contributions In-Kind	1,513,310	-	-	1,513,310	1,883,088
Investment Income (Net)	36,498	32,305	-	68,803	1,155,969
Interest on Notes Receivable	227,483	-	-	227,483	277,877
Debt Forgiveness	7,687,263	-	-	7,687,263	-
Rental and Other Income	545,823	-	-	545,823	666,584
Net Assets Released from Purpose Restrictions	2,142,100	(2,142,100)	-	-	-
TOTAL REVENUE AND SUPPORT	39,319,920	(1,485,333)	-	37,834,587	33,719,549
EXPENSES:					
Program Services	26,167,330	-	-	26,167,330	26,464,427
Management and General	5,513,557	-	-	5,513,557	4,313,620
Fundraising	835,028	-	-	835,028	779,981
TOTAL EXPENSES	32,515,915	-	-	32,515,915	31,558,028
CHANGE IN NET ASSETS	6,804,005	(1,485,333)	-	5,318,672	2,161,521
Net Assets - Beginning of Year	22,491,923	3,211,297	1,607,000	27,310,220	25,148,699
NET ASSETS - END OF YEAR	\$ 29,295,928	\$ 1,725,964	\$ 1,607,000	\$ 32,628,892	\$ 27,310,220

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, 2015

With Summarized Totals for the Year Ended June 30, 2014

	2015								2014 Total
	Program Services			Total Program Services	Supporting Services		Total Support Services	Total	
	Child Abuse Prevention Services	Mental Health	Specialized Foster Care and Adoption		Management and General	Fundraising			
Salaries	\$ 5,573,084	\$ 5,474,662	\$ 1,875,017	\$ 12,922,763	\$ 1,684,361	\$ 588,035	\$ 2,272,396	\$ 15,195,159	\$ 14,950,736
Employee Benefits and Payroll Taxes	1,558,532	1,418,741	505,223	3,482,496	597,378	127,917	725,295	4,207,791	3,905,740
TOTAL PERSONNEL COSTS	7,131,616	6,893,403	2,380,240	16,405,259	2,281,739	715,952	2,997,691	19,402,950	18,856,476
Professional and Temporary Services	365,511	1,331,363	223,144	1,920,018	494,729	32,461	527,190	2,447,208	2,116,265
Direct Client Services	120,097	1,076	1,740,962	1,862,135	-	50	50	1,862,185	1,950,607
Interest and Fees on NMTC Exit	-	-	-	-	1,789,868	-	1,789,868	1,789,868	720,267
Subcontractors	1,117,275	308,610	-	1,425,885	-	-	-	1,425,885	1,515,373
Occupancy	427,833	584,795	105,786	1,118,414	140,682	7,847	148,529	1,266,943	1,220,423
Awareness Campaign	1,153,325	-	-	1,153,325	-	-	-	1,153,325	1,735,745
Depreciation	225,183	90,352	29,898	345,433	215,680	15,458	231,138	576,571	600,480
Computers and Software	151,196	185,306	2,455	338,957	42,329	9,343	51,672	390,629	494,322
Recruitment and Training	120,778	89,547	87,591	297,916	77,289	4,225	81,514	379,430	385,247
Travel	181,523	94,287	68,149	343,959	11,364	2,119	13,483	357,442	410,055
Supplies	218,249	80,440	19,577	318,266	21,445	7,062	28,507	346,773	367,136
Insurance	205	2,526	32,766	35,497	178,759	-	178,759	214,256	190,794
Utilities	79,276	54,336	12,886	146,498	48,870	4,379	53,249	199,747	175,365
Equipment and Vehicle Expense	72,640	75,951	8,240	156,831	20,008	2,299	22,307	179,138	251,416
Communications	73,311	56,696	13,696	143,703	27,466	1,671	29,137	172,840	175,885
Printing and Postage	11,754	15,476	6,961	34,191	41,526	22,175	63,701	97,892	87,781
Dues and Subscriptions	6,018	22,444	483	28,945	51,153	5,291	56,444	85,389	93,678
Contributions	75,121	-	-	75,121	-	-	-	75,121	84,237
Miscellaneous	(889)	8,537	7,216	14,864	29,676	4,263	33,939	48,803	95,321
Promotion and Outreach	-	2,053	60	2,113	40,974	433	41,407	43,520	31,155
TOTAL 2015 FUNCTIONAL EXPENSES	\$ 11,530,022	\$ 9,897,198	\$ 4,740,110	\$ 26,167,330	\$ 5,513,557	\$ 835,028	\$ 6,348,585	\$ 32,515,915	
				80%	17%	3%	20%	100%	
TOTAL 2014 FUNCTIONAL EXPENSES	\$ 11,677,246	\$ 9,458,515	\$ 5,328,666	\$ 26,464,427	\$ 4,313,620	\$ 779,981	\$ 5,093,601		\$ 31,558,028
				84%	14%	2%	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, 2015

With Summarized Totals for the Year Ended June 30, 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 5,318,672	\$ 2,161,521
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	576,571	600,480
Realized and Unrealized Losses (Gains) on Investments	302,925	(824,764)
Debt Forgiveness	(7,687,263)	-
(Increase) Decrease in:		
Accounts and Other Receivables	(128,036)	1,076,709
Pledges Receivable	1,228,208	(2,054,236)
Prepaid Expenses and Other Assets	80,921	14,283
Due from Affiliates	485,435	(254,987)
Increase (Decrease) in:		
Accounts Payable	(158,907)	211,973
Accrued Liabilities	462,750	674,636
	481,276	1,605,615
CASH FLOWS FROM INVESTING ACTIVITIES:		
Collections on Notes Receivable	4,947,263	-
Purchase of Property and Equipment	(170,542)	(8,060)
Purchase of Investments	(560,573)	(3,344,026)
Proceeds on Sale of Investments	1,011,271	597,353
	5,227,419	(2,754,733)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
	5,227,419	(2,754,733)
CASH FLOWS USED IN FINANCING ACTIVITY:		
Payments of Notes Payable	(3,800,000)	-
	(3,800,000)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,908,695	(1,149,118)
Cash and Cash Equivalents - Beginning of Year	2,960,121	4,109,239
	\$ 4,868,816	\$ 2,960,121
CASH AND CASH EQUIVALENTS - END OF YEAR		
	\$ 4,868,816	\$ 2,960,121

**SUPPLEMENTAL DISCLOSURE
OF CASH FLOW INFORMATION:**

Cash Paid During the Year for Interest	\$ 639,949	\$ 720,267
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**SUPPLEMENTAL SCHEDULE OF NON-CASH
INVESTING AND FINANCING ACTIVITIES:**

See Notes 5 and 10 for Disclosure of Non-Cash Activity Relating to Assignment and Settlement of Notes Receivable and Notes Payable

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, 2015**

NOTE 1 - NATURE OF ORGANIZATION

Since 1904, Children's Bureau of Southern California (Children's Bureau) (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 Children's Bureau headquarters, Magnolia Place Family Center. Today, the 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, 2015**

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 Undesignated.** 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.
- **Unrestricted Board Designated.** These are comprised of unrestricted net assets which the Board of Directors has designated to reinvest in agency owned facilities. At June 30, 2015, the Organization has unrestricted board designated net assets of \$1,176,962.
- **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, 2015, the Organization has temporarily restricted net assets of \$1,725,964.
- **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, 2015, 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, 2015 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, 2015**

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 collectability 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, 2015, 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 66% 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, 2015 is \$2,915,180 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. Pledges receivable at June 30, 2015 are due in their entirety within one year. The Organization evaluated the collectability of pledges receivable at June 30, 2015 and determined that no allowance for doubtful pledges was needed.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2015**

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	3 - 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, 2015.

(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 \$1,513,310 for the year ended June 30, 2015, which consists of \$1,148,650 for the Organization's awareness campaign and \$364,660 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
AND CHILDREN'S BUREAU FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2015**

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) RECLASSIFICATION

For comparability, certain June 30, 2014 amounts have been reclassified, where appropriate, to conform to the consolidated financial statement presentation used at June 30, 2015.

(p) 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, 2014 from which the summarized information was derived.

(q) SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2015 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through December 3, 2015, the date these consolidated financial statements were available to be issued. Except as disclosed in Note 16, no other material events or transactions were noted to have occurred.

NOTE 3 - INVESTMENTS

At June 30, 2015, investments consist of the following:

Money Market and Cash Equivalents	\$ 1,380,137
Mutual Funds:	
Income / Bond Funds	151,506
Emerging Markets Index Funds	75,451
Other Index Funds	142,800
Corporate Stocks	6,031,285
Corporate and Municipal Bonds	3,880,606
Certificates of Deposit	<u>302,225</u>
TOTAL INVESTMENTS	<u>\$ 11,964,010</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2015**

NOTE 3 - INVESTMENTS (continued)

Net investment income for the year ended June 30, 2015 consists of the following:

Interest and Dividend Income	\$ 371,728
Net Realized and Unrealized Losses	<u>(302,925)</u>
<i>INVESTMENT INCOME (NET)</i>	<u>\$ 68,803</u>

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, 2015 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2015	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	\$ 1,380,137	\$ 1,380,137	\$ -	\$ -
Mutual Funds:				
Income / Bond Funds	151,506	151,506	-	-
Emerging Markets Index Funds	75,451	75,451	-	-
Other Index Funds	142,800	142,800	-	-
<i>TOTAL MUTUAL FUNDS</i>	369,757	369,757	-	-
Corporate Stocks	6,031,285	6,031,285	-	-
Corporate and Municipal Bonds	3,880,606	-	3,880,606	-
Certificates of Deposit	302,225	-	302,225	-
<i>TOTAL INVESTMENTS</i>	\$ 11,964,010	\$ 7,781,179	\$ 4,182,831	\$ -

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2015**

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

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.

The Organization recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and Level 2 investments generally relate to whether a market becomes active or inactive. Transfers between Level 2 and Level 3 investments relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the year ended June 30, 2015.

NOTE 5 - NOTES RECEIVABLE

During the course of the year, all4kids settled its obligations in full to the Organization. Interest income recognized by the Organization on these notes receivable during the year ended June 30, 2015 was \$227,484.

NOTE 6 - PROPERTY AND EQUIPMENT

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

Land	\$ 3,176,936
Buildings and Improvements	16,929,043
Furniture and Equipment	1,403,125
Leasehold Improvements	<u>850,165</u>
TOTAL	22,359,269
Less: Accumulated Depreciation	<u>(5,815,876)</u>
PROPERTY AND EQUIPMENT (NET)	<u><u>\$ 16,543,393</u></u>

Depreciation expense for the year ended June 30, 2015 was \$576,571.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2015**

NOTE 7 - ACCRUED LIABILITIES

Accrued liabilities consist of the following at June 30, 2015:

Department of Mental Health Contract Reserve [Note 14(c)]	\$ 1,190,204
Accrued Payroll and Benefits	884,824
Accrued Vacation	731,622
Deferred Compensation Liabilities	649,786
Reserve for Unemployment Liability (Note 8)	288,509
Wraparound Contract Reserve [Note 14(c)]	215,994
Targeted Case Management Reserve [Note 14(c)]	192,378
Other Accrued Liabilities	114,665
<i>TOTAL ACCRUED LIABILITIES</i>	\$ 4,267,982

NOTE 8 - 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, 2015 of \$288,509 (included in accrued liabilities) represents estimated future claims arising from current and past employees. Unemployment expense for the year ended June 30, 2015 was \$168,989.

	Gross Claims Liability	Estimated Insurance Recoveries	Net Claims Liability
Balance at July 1, 2014	\$ 238,690	\$ -	\$ 238,690
Self-Insurance Expenses Incurred	168,989	-	168,989
Payments Made to Fund Related Liabilities	(119,170)	-	(119,170)
<i>BALANCE AT JUNE 30, 2015</i>	\$ 288,509	\$ -	\$ 288,509

NOTE 9 - LINE OF CREDIT

The Organization has a revolving line of credit with Bank of America due December 31, 2016 in the amount of \$4,500,000. The line of credit bears interest at ICE LIBOR daily floating rate plus 2.25 percentage points. The line is collateralized with certain brokerage accounts. At June 30, 2015, no balance was due on the line of credit.

The daily LIBOR rate was 0.1% at June 30, 2015.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2015**

NOTE 10 - NOTES PAYABLE AND NEW MARKET TAX CREDIT

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.

In 2008, Children's Bureau entered into a NMTC transaction for the construction of Magnolia Place Family Center. At this time, U.S. Bancorp Community Development Corporation (USBCDC) invested \$7,020,000 in SCD VIII Investment Company, LLC (the Investment Fund). Additionally, all4kids, a nonprofit corporation affiliated with the Organization, loaned \$17,460,000 to the Investment Fund. Collectively, the Investment Fund invested \$24,000,000 to Stonehenge Community Development VIII, LLC (the Lender) for a 99.99% ownership interest in the Lender. The Lender, in turn, provided three loans (Loan A for \$3,800,000, Loan B for \$13,660,000 and Loan C for \$6,540,000) to Children's Bureau in the aggregate amount of \$24,000,000.

Interest only payments on each loan were 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 were guaranteed by the Foundation and Children's Bureau. The Foundation and Children's Bureau also guaranteed and indemnified 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.

In February 2015, Children's Bureau fulfilled its debt obligations for Loans A and B. Additionally after the seven year NMTC compliance period and pursuant to a series of put and call agreements, Children's Bureau purchased, for a total consideration of \$961,000, a 100% interest in the Investment Fund and the Lender, which held Loan C, and thereby extinguished that debt obligation, resulting in debt forgiveness recognized of \$7,687,263 during the year ended June 30, 2015. Children's Bureau then formally dissolved the Investment Fund and the Lender.

Interest expense on the above notes payable for the year ended June 30, 2015 was \$639,949.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 are restricted to the following:

Time Restrictions	\$ 317,462
Magnolia Community Initiative	450,000
Family Enrichment Program	200,000
Program Restrictions	14,855
Donor Restricted Endowment Funds (Note 12)	<u>743,647</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 1,725,964</u>

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2015**

NOTE 12 - 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.

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, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	\$ -	\$ 743,647	\$ 1,607,000	\$ 2,350,647

**Changes in Endowment Net
Assets for the Year Ended
June 30, 2015**

Endowment Net Assets - Beginning of Year	\$ -	\$ 835,627	\$ 1,607,000	\$ 2,442,627
Investment Income	-	32,305	-	32,305
Appropriation of Endowment Assets for Expenditure	-	(124,285)	-	(124,285)

***ENDOWMENT NET ASSETS -
END OF YEAR***

	\$ -	\$ 743,647	\$ 1,607,000	\$ 2,350,647
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**CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA
AND CHILDREN'S BUREAU FOUNDATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2015**

NOTE 13 - EMPLOYEE BENEFIT PLANS

The Organization sponsors a defined contribution 401(k) plan that covers all eligible employees. During the year ended June 30, 2015, the Organization made discretionary contributions to the plan to all eligible employees. Effective December 1, 2014, the retirement plan initiated a matching opportunity. The Organization's contributions to this plan for the year ended June 30, 2015 were \$591,410.

The Organization has an ineligible deferred compensation plan under Section 457(f) for its President and 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, 2015 was \$262,107 and is included in accrued liabilities.

NOTE 14 - 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:

Years Ending June 30	
2016	\$ 566,344
2017	193,951
2018	102,876
2019	78,431
2020	<u>54,024</u>
TOTAL	<u>\$ 995,626</u>

Rent expense under operating lease for the year ended June 30, 2015 was \$838,929.

(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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2015**

NOTE 14 - COMMITMENTS AND CONTINGENCIES (continued)

(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 maintains a reserve of \$215,994 related to previously funded costs for its Wraparound programs, and a reserve of \$192,378 for Targeted Case Management related activities. 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.

(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, 2015, the Organization contributed \$75,121 to the Center, which is included in contributions in the consolidated statement of functional expenses. Subsequent to year-end, the Center's Board of Directors authorized the dissolution of the Center (See Note 16).

NOTE 15 - RELATED PARTY TRANSACTIONS

The Organization's Board of Directors has a conflict of interest policy in place that is intended to assure its stakeholders that the decisions of the Organization are made objectively and with full knowledge of the involvement, if any, of the Board members and staff. At times during the course of the year, the Organization may determine that doing business with a Board member is in the best interest of the Organization. In accordance with the by-laws, such transactions are reviewed and approved by the Board of Directors.

A company owned by a Board member was hired by the Organization to recruit and hire a key management position. The amount paid by the Organization related to this transaction during the year ended June 30, 2015 was \$45,000.

NOTE 16 - SUBSEQUENT EVENTS

On July 21, 2015, the Board of Directors of Oakwood Family Resource Center authorized the assignment of all rights, including current funding, programs, staff and equipment, as well as all debts and liabilities, to Children's Bureau. The dissolution of the Center is expected to occur during the year ended June 30, 2016.

**CHILDREN'S BUREAU OF
SOUTHERN CALIFORNIA AND
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SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
Year Ended June 30, 2015

Grantor/Passed Through Grantor/Program Title	Contract Number	Federal CFDA Number	Governmental Revenue		Program Expenditures from Governmental Revenue
			Federal	Non-Federal	
FEDERAL AWARDS					
U.S. Department of Health and Human Services:					
Passed through State of California Department of Social Services:					
Foster Care - Title IV-E	07-021-13	93.658	\$ 1,092,958	\$ 2,322,539	\$ 3,415,497
Adoption Assistance		93.659	595,000	595,000	1,190,000
Passed through County of Los Angeles, Department of Children and Family Services:					
Wraparound Approach Services	04-011-08	93.658	568,874	903,886	1,472,760
Passed through Children and Families Commission of Orange County:					
Medical Assistance Program:					
Medi-Cal Administrative Activities (a)	FCI-BN-11-12	93.778	12,708	-	12,708
Passed through County of Los Angeles Proposition 10 Commission - First 5 LA					
Medical Assistance Program:					
Medi-Cal Administrative Activities (a)	683	93.778	77	-	77
State of California					
Passed through Children and Families Commission of Orange County:					
Targeted Case Management (a)	FCI-BN2-12	93.778	258,650	-	258,650
Passed through State of California Department of Social Services:					
Child Abuse Prevention and Treatment Act Strategies	STR3/11-15	93.669	713,826	-	713,826
Passed through County of Orange Social Services Agency					
Promoting Safe and Stable Families:					
Families and Communities Together Program (a)	FCE0314	93.556	359,185	-	359,185
Families and Communities Together Program (a)	FFZ1114	93.556	57,462	-	57,462
Families and Communities Together Program (a)	FFZ0914	93.556	215,314	-	215,314
Families and Communities Together Program (a)	FCE0214	93.556	345,432	-	345,432
Families and Communities Together Program (a)	FFZ0714	93.556	137,706	-	137,706
			1,115,099	-	1,115,099
Passed through County of Los Angeles, Department of Children and Family Services:					
Adoption Promotions Supporting Services (a)	04-024-14	93.556	83,992	-	83,992
Adoption Promotions Supporting Services (a)	04-024-15	93.556	130,197	-	130,197
Adoption Promotions Supporting Services (a)	04-024-16	93.556	147,409	-	147,409
Adoption Promotions Supporting Services (a)	04-024-17	93.556	83,641	-	83,641
			445,239	-	445,239
Passed through County of Los Angeles, Department of Children and Family Services:					
Prevention and Aftercare Services (Subcontract) (a)		93.556	4,672	-	4,672
Prevention and Aftercare Services (Subcontract) (a)		93.556	39,846	-	39,846
Prevention and Aftercare Services (a)	2015-01-09	93.556	104,337	-	104,337
			148,855	-	148,855
U.S. Committee for Refugees and Immigrants					
Office of Refugee Resettlement: Post Release Services for Unaccompanied Alien Children Program	90ZU0064	93.676	202,858	-	202,858
Total U.S. Department of Health and Human Services			5,154,144	3,821,425	8,975,569

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
Year Ended June 30, 2015

Grantor/Passed Through Grantor/Program Title	Contract Number	Federal CFDA Number	Governmental Revenue		Program Expenditures from Governmental Revenue
			Federal	Non-Federal	
U.S. Department of Housing and Urban Development:					
Passed through City of Huntington, Department of Economic Development: Community Development Block Grants/Entitlement Grants	B-08-MC-06-0506	14.218	58,634	-	58,634
Passed through City of Los Angeles Housing and Community Investment Community Development Block Grants: Family Source Center System	124015	14.218	108,933	-	108,933
1736 Family Crisis Center Subcontract (04/15 to 06/15)		14.218	16,587	-	16,587
			<u>125,520</u>	<u>-</u>	<u>125,520</u>
Passed through City of Los Angeles Community Development Department: 1736 Family Crisis Center Subcontract (07/14 to 03/15)	116337	14.218	37,650	-	37,650
			<u>221,804</u>	<u>-</u>	<u>221,804</u>
Total U.S. Department of Housing and Urban Development					
			<u>221,804</u>	<u>-</u>	<u>221,804</u>
TOTAL FEDERAL AWARDS			5,375,948	3,821,425	9,197,373
(a) Audited as a Major Program					
NON-FEDERAL AWARDS					
County of Los Angeles, Department of Children and Family Services Prevention Initiative	76479		-	122,073	122,073
State of California Department of Education: State Preschool Program	CSPP-4157		-	435,614	435,614
Child and Adult Care Food Program	05208-CACFP-19-NP		-	36,866	36,866
Magnolia School District	SS12-02		-	116,755	116,755
State of California Department of Mental Health Passed through County of Los Angeles, Department of Mental Health	MH120844		-	11,361,963	11,361,963
Department of Mental Health	MH100668		-	30,220	30,220
State of California Department of Public Health Passed through County of Los Angeles, Department of Public Health	PH-002654		-	336,701	336,701
State of California: Passed through Children and Families Commission of Orange County: Infants Home Visitation Program	FCI-BN2-12		-	700,000	700,000
Toddlers Home Visitation Program	FCI-BN2-12		-	170,000	170,000
			<u>-</u>	<u>870,000</u>	<u>870,000</u>
Passed through City of Los Angeles Office of the Mayor Gang Reduction and Youth Development Program Bresee Foundation Subcontract (07/14 to 06/15)	C-121399		-	57,103	57,103
Passed through, State of California California Family Resource Association			-	81,145	81,145

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
Year Ended June 30, 2015

Grantor/Passed Through Grantor/Program Title	Contract Number	Federal CFDA Number	Governmental Revenue		Program Expenditures from Governmental Revenue
			Federal	Non-Federal	
State of California:					
Passed through County of Los Angeles Proposition 10					
Commission - First 5 LA:					
Partnership for Families	683		-	1,550,531	1,550,531
Select Home Visitation Program	831		-	294,611	294,611
Welcome Baby Program (Subcontract)	N/A		-	395,488	395,488
			-	<u>2,240,630</u>	<u>2,240,630</u>
TOTAL NON-FEDERAL AWARDS			-	<u>15,689,070</u>	<u>15,689,070</u>
TOTAL FEDERAL AND NON-FEDERAL AWARDS			<u>\$ 5,375,948</u>	<u>\$ 19,510,495</u>	<u>\$ 24,886,443</u>

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.

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

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2015**

ASSETS	Children's Bureau of Southern California	Children's Bureau Foundation	Intercompany Eliminations	Total
Cash and Cash Equivalents	\$ 3,607,705	\$ 1,261,111	\$ -	\$ 4,868,816
Investments	11,832,096	131,914	-	11,964,010
Accounts and Other Receivables	2,969,841	-	-	2,969,841
Pledges Receivable	967,462	-	-	967,462
Prepaid Expenses and Other Assets	230,795	-	-	230,795
Property and Equipment (Net)	16,543,393	-	-	16,543,393
Due from Affiliates	1,179,438	-	(1,147,262)	32,176
TOTAL ASSETS	\$ 37,330,730	\$ 1,393,025	\$ (1,147,262)	\$ 37,576,493
 LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable	\$ 679,619	\$ -	\$ -	\$ 679,619
Accrued Liabilities	4,267,982	-	-	4,267,982
Due to Affiliates	-	1,147,262	(1,147,262)	-
TOTAL LIABILITIES	4,947,601	1,147,262	(1,147,262)	4,947,601
NET ASSETS:				
Unrestricted:				
Undesignated	27,873,203	245,763	-	28,118,966
Board Designated	1,176,962	-	-	1,176,962
TOTAL UNRESTRICTED NET ASSETS	29,050,165	245,763	-	29,295,928
Temporarily Restricted	1,725,964	-	-	1,725,964
Permanently Restricted	1,607,000	-	-	1,607,000
TOTAL NET ASSETS	32,383,129	245,763	-	32,628,892
TOTAL LIABILITIES AND NET ASSETS	\$ 37,330,730	\$ 1,393,025	\$ (1,147,262)	\$ 37,576,493

See Independent Auditor's Report

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

**CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

	Children's Bureau of Southern California	Children's Bureau Foundation	Intercompany Eliminations	Total
REVENUE AND SUPPORT:				
Government Grants and Contracts	\$ 24,886,443	\$ -	\$ -	\$ 24,886,443
Contributions	7,364,654	-	(5,230,949)	2,133,705
Special Events (Net of Direct Donor Benefit Expenses of \$426,015)	747,007	-	-	747,007
Contributions In-Kind	1,513,310	-	-	1,513,310
United Way	24,750	-	-	24,750
Investment Income (Net)	68,106	697	-	68,803
Interest on Notes Receivable	-	227,483	-	227,483
Debt Forgiveness	7,687,263	-	-	7,687,263
Rental and Other Income	545,823	-	-	545,823
TOTAL REVENUE AND SUPPORT	42,837,356	228,180	(5,230,949)	37,834,587
EXPENSES:				
Program Services	26,167,330	5,230,949	(5,230,949)	26,167,330
Management and General	5,502,342	11,215	-	5,513,557
Fundraising	835,028	-	-	835,028
TOTAL EXPENSES	32,504,700	5,242,164	(5,230,949)	32,515,915
CHANGE IN NET ASSETS	10,332,656	(5,013,984)	-	5,318,672
Net Assets - Beginning of Year	22,050,473	5,259,747	-	27,310,220
NET ASSETS - END OF YEAR	\$ 32,383,129	\$ 245,763	\$ -	\$ 32,628,892

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CHILDREN'S BUREAU OF SOUTHERN CALIFORNIA
Department of Social Services Form 12FFA

TOTAL PROGRAM COST DISPLAY (FCR 12FFA)
SUBMIT ONE FOR EACH PROGRAM

Number of months in cost reporting period TWELVE

CORPORATE/LICENSEE NAME		PROGRAM NAME (IF DIFFERENT)		CORPORATE NUMBER		PROGRAM NUMBER		REPORTING PERIOD
Children's Bureau of So. California		Specialized Foster Care		D-C01-957		0252.01.03		7/1/14 - 6/30/15
LINE	(1) LINE ITEMS OF COST	(2) TOTAL (COLS. 3 THRU 6)	(3) ADMINISTRATION	(4) RECRUITMENT	(5) TRAINING	(6) SOCIAL WORK	(7) EXPLANATION	
100a	Executive Director Salary	\$25,178	\$25,178	\$0	\$0	\$0	Portion of Agency's ED allocated to FFA program.	
100b	Assistant Director Salary	15,323	15,323	0	0	0	Portion of Agency's AD allocated to FFA program.	
100c	Administrator Salary	52,195	52,195	0	0	0	Portion of Program Director's time allocated to FFA.	
100d	All Other Administrative Salaries	349,819	349,819	0	0	0	Administrative salaries charged to FFA programs.	
101	Recruitment Payroll	50,690	0	50,690	0	0	Recruitment salaries for FFA programs.	
102	Training Payroll	11,515	0	0	11,515	0	Training salaries for FFA programs.	
110	Administrative Contracts	62,838	62,838	0	0	0	Allocated based on % of salaries in each category.	
121	Telephone and Telegraph	7,886	1,455	0	0	6,431	Allocated based on % of salaries in each category.	
122	Postage and Freight	4,806	409	0	0	4,397	Allocated based on % of salaries in each category.	
123	Office Supplies	9,504	810	0	0	8,694	Allocated based on % of salaries in each category.	
132	Conferences, Meetings, In-Service Training	15,931	2,887	0	0	13,044	Allocated based on % of salaries in each category.	
133	Memberships, Subscriptions, Dues	33,425	3,816	0	0	29,609	Allocated based on % of salaries in each category.	
134	Printing, Publications	1,003	260	0	0	743	Allocated based on % of salaries in each category.	
135	Bonding, General Insurance	46,101	13,335	0	0	32,766		
137	Advertising	30	0	0	0	30		
138	Miscellaneous	49,428	24,822	0	0	24,606	Allocated based on % of salaries in each category.	
		735,672	553,147	50,690	11,515	120,320		
200	Building and Equipment Payroll	7,308	7,308	0	0	0	Allocated based on % of salaries in each category.	
211	Building Rents and Leases	56,365	284	0	0	56,081	Allocated based on % of salaries in each category.	
214	Acquisition Mortgage Principal & Interest	0	0	0	0	0		
215	Property Appraisal Fees	0	0	0	0	0		
216	Property Taxes	2,242	290	0	0	1,952	Allocated based on % of salaries in each category.	
217	Building and Equipment Insurance	0	0	0	0	0		
221	Utilities	6,312	483	0	0	5,829	Allocated based on % of salaries in each category.	
222	Building Maintenance	13,959	2,034	0	0	11,925	Allocated based on % of salaries in each category.	
223	Building and Equipment Contracts	4,276	3,367	0	0	909	Allocated based on % of salaries in each category.	
224	Building and Equipment Supplies	3,656	353	0	0	3,303	Allocated based on % of salaries in each category.	
225	Equipment Leases	2,855	312	0	0	2,543	Allocated based on % of salaries in each category.	
226	Equipment Depreciation Expense	20,236	4,039	0	0	16,197	Allocated based on % of salaries in each category.	
227	Expendable Equipment	0	0	0	0	0		
228	Building and Equipment Miscellaneous	1,309	845	0	0	464	Allocated based on % of salaries in each category.	
241	Vehicle Leases	0	0	0	0	0		
242	Vehicle Depreciation	0	0	0	0	0		
243	Vehicle Operating Costs	40,800	834	0	0	39,966	Allocated based on % of salaries in each category.	
		159,318	20,149	0	0	139,169		
350	Total Paid to Certified Family Homes	1,713,139	0	0	0	1,713,139	100% social work.	
352	Other Child-Related Costs, Not Provided by Certified Family Homes	0	0	0	0	0		
		1,713,139	0	0	0	1,713,139		
410	Social Worker Payroll and/or Social Worker Contract	811,863	0	0	0	811,863	Allocated based on % of salaries in each category.	
440	Direct Care Contracts	0	0	0	0	0		
		811,863	0	0	0	811,863		
500	TOTAL EXPENSES	\$3,419,992	\$573,296	\$50,690	\$11,515	\$2,784,491		

See Independent Auditor's Report