

**CASA PACIFICA CENTERS FOR
CHILDREN AND FAMILIES
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS



CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Casa Pacifica Centers for Children and Families
(A California Non-Profit Corporation)
Camarillo, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Casa Pacifica Centers for Children and Families (A California Non-Profit Corporation) which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Casa Pacifica Centers for Children and Families as of June 30, 2024, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Casa Pacifica Centers for Children and Families and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of Accounting Pronouncement

As described in Note 2 to the financial statements, Casa Pacifica Centers for Children and Families has adopted Financial Accounting Standards Board ("FASB") ASU 2016-13, Topic 326, *Financial Instruments - Credit Losses*. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about of Casa Pacifica Centers for Children and Families' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Casa Pacifica Centers for Children and Families' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Casa Pacifica Centers for Children and Families' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We previously audited Casa Pacifica Centers for Children and Families' 2023 financial statements, and expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Casa Pacifica Centers for Children and Families.

INDEPENDENT AUDITORS' REPORT (Continued)

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Department of Social Services Forms, Transitional Housing Program Plus Foster Care (THP+FC-1A) Program Costs Report, Transitional Housing Program – Foster Care (THP+FC-1B) Program & Other Revenue, Total Program Cost Display (FCR 12FFA), Group Home Program Cost Report (SR3) - CTF Residential, and Group Home Program Payroll & Fringe Benefit Report (SR4) - CTF Residential are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of Casa Pacifica's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Department of Social Services Forms Transitional Housing Program Plus Foster Care (THP+FC-1A) Program Costs Report, Transitional Housing Program – Foster Care (THP+FC-1B) Program & Other Revenue, Total Program Cost Display (FCR 12FFA), Group Home Program Cost Report (SR3) - CTF Residential, and Group Home Program Payroll & Fringe Benefit Report (SR4) - CTF Residential has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Department of Social Services Forms Transitional Housing Program Plus Foster Care (THP+FC-1A) Program Costs Report, Transitional Housing Program – Foster Care (THP+FC-1B) Program & Other Revenue, Total Program Cost Display (FCR 12FFA), Group Home Program Cost Report (SR3) - CTF Residential, and Group Home Program Payroll & Fringe Benefit Report (SR4) - CTF Residential are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024, on our consideration of Casa Pacifica Centers for Children and Families' 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 solely 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 the effectiveness of Casa Pacifica Centers for Children and Families' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Casa Pacifica Centers for Children and Families' internal control over financial reporting and compliance.

Vorstin, Hagen + Co.

Calabasas, California
February 6, 2024

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 3,690,621	\$ 1,362,931
Contracts receivables, net	4,222,405	3,844,631
Promises to give	9,333	31,562
Investments	11,314,797	16,725,466
Deposits and prepaid expenses	828,525	803,968
Beneficial interest in perpetual trust	-	59,064
Beneficial interest in funds held by others	2,266,302	138,075
Right-of-use operating lease	1,662,223	2,245,643
Property and equipment, net	<u>16,531,116</u>	<u>14,676,005</u>
 Total assets	 <u>\$ 40,525,322</u>	 <u>\$ 39,887,345</u>
LIABILITIES		
Accounts payable	\$ 1,205,542	\$ 994,187
Other accrued liabilities	1,284,626	1,363,970
Accrued payroll and related liabilities	1,553,876	1,279,412
Deferred revenue	7,974,751	7,434,374
Operating lease liability	<u>1,765,406</u>	<u>2,351,169</u>
 Total liabilities	 13,784,201	 13,423,112
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	24,026,796	24,483,402
With donor restrictions	<u>2,714,325</u>	<u>1,980,831</u>
 Total net assets	 <u>26,741,121</u>	 <u>26,464,233</u>
 Total liabilities and net assets	 <u>\$ 40,525,322</u>	 <u>\$ 39,887,345</u>

See accompanying auditors' reports and notes to financial statements

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE, SUPPORT, AND RESTRICTIONS RELEASED				
Program service revenue:				
Government grants and contracts	\$ 11,415,604	\$ -	\$ 11,415,604	\$ 11,621,128
Patient care services contracts	9,452,995	-	9,452,995	7,951,251
Special education contracts	4,590,333	-	4,590,333	3,332,819
Public Support:				
Contributions and grants	320,419	2,735,531	3,055,950	3,454,003
In-kind contributions	1,191,907	-	1,191,907	946,444
Special event revenue	1,410,730	-	1,410,730	1,267,958
Other:				
Interest and dividend income	112,951	-	112,951	646,844
Net realized and unrealized gain (loss) on investments	573,676	-	573,676	152,802
Change in value of beneficial interest in perpetual trust	(59,064)	-	(59,064)	(389)
Gain (loss) on sale of property and equipment	91,476	-	91,476	-
Contract settlements	-	-	-	98,707
Other income	76,126	-	76,126	9,289,397
Restrictions released	2,002,037	(2,002,037)	-	-
 Total revenue, support and restrictions released	 31,179,190	 733,494	 31,912,684	 38,760,964
EXPENSES				
Program services	24,208,888	-	24,208,888	24,352,531
Management and general	4,356,131	-	4,356,131	3,759,758
Fundraising	3,070,777	-	3,070,777	2,798,109
 Total expenses	 31,635,796	 -	 31,635,796	 30,910,398
CHANGE IN NET ASSETS	(456,606)	733,494	276,888	7,850,566
NET ASSETS - beginning of year	24,483,402	1,980,831	26,464,233	18,613,667
NET ASSETS - end of year	\$ 24,026,796	\$ 2,714,325	\$ 26,741,121	\$ 26,464,233

See accompanying auditors' reports and notes to financial statements

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	Program Services	Management and General	Fundraising	2024 Total Expenses	2023 Total Expenses
Salaries and related expenses					
Salaries	\$ 15,456,361	\$ 2,489,861	\$ 895,673	\$ 18,841,895	\$ 18,003,109
Payroll taxes	1,149,292	158,732	53,331	1,361,355	1,327,042
Employee benefits	<u>2,052,961</u>	<u>349,770</u>	<u>89,814</u>	<u>2,492,545</u>	<u>2,446,943</u>
	18,658,614	2,998,363	1,038,818	22,695,795	21,777,094
Other expenses					
Advertising and recruiting	147,708	146,680	1,889	296,277	202,725
Auto expense	566,774	7,341	1,476	575,591	650,091
Bad debt	173,962	-	-	173,962	157,754
Board expenses	-	4,192	5,009	9,201	5,149
Child related costs	318,056	3,742	31,613	353,411	302,253
Computer and technology	457,473	29,562	44,316	531,351	592,610
Conferences and meetings	36,875	16,340	2,729	55,944	47,937
Depreciation	500,641	196,797	16,841	714,279	693,084
Dues and subscriptions	7,913	47,494	3,557	58,964	24,084
Education and training	12,046	5,500	-	17,546	34,499
Equipment maintenance and rental	46,315	68,821	-	115,136	54,828
Event expense	260	-	540,266	540,526	479,932
Food costs	120,879	204,583	326	325,788	493,350
Grant expense	-	-	139,284	139,284	177,448
In-kind expenses	-	-	1,167,401	1,167,401	909,787
Insurance	528,550	88,624	15,626	632,800	575,315
Interest and related expenses	2,281	67,913	8,278	78,472	30,776
Miscellaneous expense	1,000	(947)	(53)	-	-
Outside services	1,169,477	286,436	5,365	1,461,278	2,100,309
Printing	3,319	6,970	37,334	47,623	28,434
Rent	405,276	113,372	-	518,648	632,257
Repairs and maintenance	254,477	3,956	62	258,495	371,723
Supplies	140,055	41,933	7,631	189,619	157,276
Taxes and licenses	25,786	12,866	-	38,652	26,269
Utilities	<u>631,151</u>	<u>5,593</u>	<u>3,009</u>	<u>639,753</u>	<u>385,414</u>
Total 2024 expenses	<u>\$ 24,208,888</u>	<u>\$ 4,356,131</u>	<u>\$ 3,070,777</u>	<u>\$ 31,635,796</u>	
(2024 Percentage breakdown)	77%	13%	10%	100%	
Total 2023 expenses	<u>\$ 24,352,531</u>	<u>\$ 3,759,758</u>	<u>\$ 2,798,109</u>		<u>\$ 30,910,398</u>
(2022 Percentage breakdown)	78%	12%	10%		100%

See accompanying auditors' reports and notes to financial statements

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 276,888	\$ 7,850,566
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	714,279	693,084
Net realized and unrealized (gain) loss on investments	(445,449)	(152,802)
Change in value of beneficial interest in funds held by others	(128,227)	(1,162)
Change in value of beneficial interest in perpetual trust	59,064	389
Donated stock	(103,568)	-
Reduction in carrying amount of right of use assets	583,420	(2,245,643)
(Increase) decrease in:		
Contracts receivables, net	(377,774)	(1,243,506)
Promises to give	22,229	50,938
Deposits and prepaid expenses	(24,557)	(41,304)
Increase (decrease) in:		
Accounts payable	211,355	102,517
Other accrued liabilities	(79,344)	(16,508)
Accrued payroll and related liabilities	274,464	(122,040)
Deferred revenue	540,377	7,087,394
Operating lease liability	(585,763)	2,351,169
Total adjustments	<u>660,506</u>	<u>6,462,526</u>
Net Cash Provided (Used) by Operating Activities	937,394	14,313,092
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net reinvestment activity	(181,326)	(15,546,586)
Purchase of beneficial interest in funds held by others	(2,000,000)	-
Proceeds from sale of investments	6,141,012	111,400
Payments related to the acquisition of property and equipment	(2,569,390)	(502,959)
Distributions from beneficial interest in perpetual trust	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>1,390,296</u>	<u>(15,938,145)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,327,690	(1,625,053)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,362,931</u>	<u>2,987,984</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,690,621</u>	<u>\$ 1,362,931</u>
Supplemental disclosures:		
Interest paid	<u>\$ 37,881</u>	<u>\$ 8,446</u>
Non-cash supplemental disclosure:		
In-kind revenue	<u>\$ 1,191,907</u>	<u>\$ 946,444</u>

See accompanying auditors' reports and notes to financial statements

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. ORGANIZATION

Casa Pacifica Centers for Children and Families (Casa Pacifica) was conceived as a state-of-the-art residential trauma care and treatment center designed to provide comprehensive assessment, treatment, medical, assessment, and education services in the context of 24-hour care to meet the needs of Ventura County's most vulnerable children – children entering the Child Welfare system and foster youth already in services. The public/private collaboration resulted in Casa Pacifica's Camarillo campus which opened in 1994. Casa Pacifica is now the largest nonprofit provider of children's mental health services in Ventura and Santa Barbara Counties.

Four original campus-based programs have now grown to 14 therapeutic, cutting-edge services and programs. In 2000, Casa Pacifica extended its services off-campus and into the Ventura County community through an intensive, behavioral service intended to be an ancillary, last effort intervention for children at-risk of being removed from their homes. In 2003, at the request of Santa Barbara County, Casa Pacifica began providing this same Therapeutic Behavioral Service (TBS) to that community as well. Transitional Youth Services were added in 2007 to help prepare transitional and emancipated foster youth for life after foster care through services including housing, education, employment, basic living skills, etc.; and in 2016, the agency launched its Camino a Casa program serving youth at-risk of, or returning home from, a psychiatric hospitalization – providing brief residential treatment for youth from the private sector through contracts with commercial insurance companies such as Kaiser, as well as intensive outpatient and day services.

Over the last 29 years, Casa Pacifica's programs and services have continued to grow to respond to the increasing needs of the community. In keeping with a "once in a generation" foster care reform effort effective January 2017, Casa Pacifica obtained a new state license called Short-Term Residential Therapeutic Program (STRTP) to continue to provide more intensive residential services to foster care youth with complex trauma and significant behavioral and emotional challenges. The STRTP program offered 42 beds upon opening and accepted youth from throughout California. Recently, California limited the maximum number of beds an STRTP facility could offer to 16 beds. As, such, Casa Pacifica is currently repurposing/remodeling its residential cottages into 27 bedroom-suites for its Transitional Youth Services transitional housing program, more than doubling capacity of this program that supports emancipated foster youth as they navigate their newfound independence. The previous transitional housing facilities on campus will now house the STRTP program and offer 10 beds.

Casa Pacifica's mission statement reads: A life Worth Living – Casa Pacifica inspires hope and nurtures mental health and wellbeing of children, young adults, and families to realize their full potential. Regardless of the program - campus or community - or funding source - public or private - Casa Pacifica continues to work with vulnerable youth and their families to prevent unnecessary hospitalizations and out-of-home placements and overcome the barriers to staying together as a family.

Today, with a staff of over 300 individuals and services provided to thousands of children and youth annually, Casa Pacifica is among the 10 largest nonprofits on California's Central Coast providing residential services, intensive mental health services, and a special education nonpublic school on campus, as well as a wide range of community-based services all directed at helping children and youth have the best chance to reach their full potential and enjoy a successful life. In addition, Casa Pacifica provides highly regarded professional training to staff to ensure youth are receiving consistency throughout our services and the latest evidence-based, best care available.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. ORGANIZATION - Continued

Casa Pacifica is licensed and certified by California's Departments of Social Services, Education, and Health Care Services and its programs and services are accredited by the National Council on Accreditation (COA); the nonpublic special education school carries certification of the Western Association of Schools and Colleges (WASC) and is accredited by the National Council of Accreditation for Special Education Services (NCASES); and the pre-doctoral internship and postdoctoral fellowship programs are accredited by the American Psychological Association. Casa Pacifica's leadership is active in national, state, interagency and community organizations, collaboratives, task forces and work groups.

Casa Pacifica receives funding from county and state agencies with portions of its funding originating from the Federal government as well as from commercial insurance companies and private payers. Casa Pacifica's pastoral 25-acre campus - five miles from the Pacific Ocean - sits on land leased from Ventura County and upon which operating facilities have been constructed including new buildings funded through a successful \$16.6 million capital campaign completed in 2018. The lease extends until 2053. Casa Pacifica also receives significant charitable support from the private sector.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Casa Pacifica prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by Casa Pacifica are described below to enhance the usefulness and understandability of the financial statements.

Accrual Basis

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

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Net assets without donor restrictions.* Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of Casa Pacifica, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets – Continued

- *Net assets with donor restrictions.* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period or are limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. Casa Pacifica's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as donor restricted until the specified asset is placed in service by Casa Pacifica, unless the donor provides more specific directions about the period of its use.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in demand deposit accounts as well as cash on hand.

Contracts Receivables, Net

Contracts 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, 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, 2024, Casa Pacifica has established an allowance for doubtful accounts in the amount of \$207,237.

Promises to Give

Casa Pacifica recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest are received. Casa Pacifica reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Promises to give are discounted to their present value when payments are expected in future periods exceeding one year. These discounts are recorded as reductions to contribution revenue and promises to give, and are adjusted annually. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Intentions to give are not included as support until payments are made or enforceable promises to give are executed.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Investments in equity and debt securities with readily determinable values are reported at fair value. The fair value of investments is based on the closing price on the last business day of the year. Securities are generally held in custodial investment accounts administered by financial institutions.

Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in investment return in the statement of activities and represent the difference between the cost and fair value of investments held at the end of the fiscal year.

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 statement of financial position.

Deposits and Prepaid Expenses

Prepaid insurance and other costs are expensed ratably over their respective terms of agreement.

Beneficial Interest in Assets Held by Others

Casa Pacifica has the unconditional right to receive all of the cash flows from its beneficial interest in certain assets held by the Ventura County Community Foundation. Casa Pacifica records its beneficial interest at fair value using the fair value of the underlying funds. The change in the value of the beneficial interest is included in investment return in the statement of activities.

Beneficial Interest in Perpetual Trust

Casa Pacifica is a beneficiary of a perpetual trust, which is administered by a third party other than Casa Pacifica. Under the terms of the trust, Casa Pacifica has the irrevocable right to receive 50% of the income earned on the trust assets for the life of the trust. Casa Pacifica does not control the assets held by the outside trust. Annual distributions from the trust are reported as investment income. Adjustments to the beneficial interest to reflect changes in the fair value are reflected in the statement of activities as a change in value of beneficial interest in perpetual trust.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment, Net

Property and equipment are reported at cost, if purchased, or at fair value at the date of donation, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. 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. The estimated useful lives are as follows:

Buildings and improvements	40 years
Equipment and furnishings	3 to 7 years
Leasehold improvements	20 Years, or remaining lease term, if shorter
Vehicles	5 years

Long-Lived Assets

Casa Pacifica reviews long-lived assets for 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 on long-lived assets during the year ended June 30, 2024.

Vacation Policy

Vacation benefits are accrued on a bi-weekly basis. Full-time employees accrue vacation time based upon years of service to Casa Pacifica as follows:

Months of Completed Service	Maximum Accrual
Months 0 - 24	16 Days per year
Months 25 - 59	18.5 Days per year
Months 60 - 119	21 Days per year
120 Months or more	26 Days per year

Eligible regular full-time and part-time employees who have work schedules wherein they work less than 40 hours per week accrue PTO benefits on a pro rata basis. Unused vacation leave will be paid at the time of termination.

Total accrued vacation at June 30, 2024, was \$1,131,630.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Revenues from government agencies, service fees, and other third-party payors for services provided under such contracts are recognized when earned by Casa Pacifica. All gifts, bequests, and other public support are included in net assets without donor restrictions unless specifically restricted by the donor or the terms of the gift or grant instrument. Revenue received where the restriction is met in the same fiscal year is reported under net assets without donor restrictions. Amounts received in excess of balances earned are recognized as liabilities.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with donor restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

In-Kind Donations of Goods and Services

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services and supplies of \$1,191,907 were received during the year ended June 30, 2024, which satisfied the criteria for recognition.

Casa Pacifica benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in Casa Pacifica's program operations. Some of the services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

Government Revenue

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit required by the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, Casa Pacifica's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of Casa Pacifica.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Allocated Expenses

The cost of providing Casa Pacifica's programs and other activities is summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit, including but not limited to proportionate salary dollars, program census and square footage.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Casa Pacifica. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Income Taxes

Casa Pacifica is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Casa Pacifica has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2024, Casa Pacifica had no material unrecognized tax benefits, tax penalties or interest.

Casa Pacifica's Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30; 2023, 2022, and 2021, are subject to examination by the IRS, generally for 3 years after they were filed.

Casa Pacifica's Forms 199, *California Exempt Organization Return*, for each of the tax years ended June 30, 2023, 2022, 2021, and 2020, are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Casa Pacifica's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Casa Pacifica's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior-year summarized comparative information. 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 Casa Pacifica's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2023 comparative totals have been reclassified to conform with the 2024 reporting format.

Adopted Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Topic 326, *Financial Instruments - Credit Losses* (ASC 326). ASC 326 significantly changes how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in the standard is a shift from an "incurred loss" model to the "expected credit loss" model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the entity's exposure to credit risk and the measurement of credit losses. Financial assets held by Casa Pacifica that are subject to the guidance of ASU 326 are accounts receivable. Casa Pacifica adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements, and primarily resulted in enhanced disclosures only.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements

Casa Pacifica reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which Casa Pacifica has access at the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and receivables approximate fair value because of the terms and relatively short maturity of these financial instruments. The mutual funds and exchange traded funds are valued at quoted market prices, which represent the net asset value of shares held by Casa Pacifica at year end.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments. When available, Casa Pacifica measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

3. INVESTMENTS

Casa Pacifica measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires Casa Pacifica to develop its own assumptions. Casa Pacifica uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Casa Pacifica measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All assets reported at fair value at June 30, 2024, are Level 1 inputs.

Investments consist of the following at June 30, 2024:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fixed income	\$ 1,044,323	\$ -	\$ -	\$ 1,044,323
Other	10,198,410	-	-	10,198,410
	<u>72,064</u>	<u>-</u>	<u>-</u>	<u>72,064</u>
Total investments	<u>\$11,314,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,314,797</u>

At June 30, 2024, Casa Pacifica did not have any investments measured using Level 2 or Level 3 inputs.

The composition of the investment return reported in the statement of activities at June 30, 2024 is as follows:

	Amount
Investment and dividend income	\$ 103,498
Net realized and unrealized gain (loss) on investments	<u>445,449</u>
Total investment return	<u>\$ 548,947</u>

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

4. BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

Ventura County Community Foundation

Casa Pacifica entered into an agreement with Ventura County Community Foundation, whereby Casa Pacifica established a board-designated endowment fund to be held by the Foundation. The funds held can be used for various purposes as determined by the Board and the annual distributions are limited to 5% of the average balance of funds held over the prior twelve quarters calculated on an annual basis.

At June 30, 2024, Casa Pacifica had a beneficial interest in the Fund and is stated at fair value as a Level 3 classification. Investments are made up of pooled expendable funds held by the Foundation, stocks, mutual funds, treasury funds and certificates of deposits and are reported at their fair values in the statement of financial position. The Fund's fair market value at June 30, 2024 was \$2,266,302.

The composition is as follows using Level 3 inputs:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Total
Beginning value	\$ 138,075	\$ 138,075
Contributions	2,000,000	2,000,000
Distributions	-	-
Dividends and interest reinvested	9,453	9,453
Realized and unrealized gain (loss)	118,774	118,774
Less investments fees	-	-
Total	<u>\$ 2,266,302</u>	<u>\$ 2,266,302</u>

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

5. PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2024 consists of the following:

	Amount
Buildings and improvements	\$ 23,862,720
Equipment and furnishings	4,013,598
Leasehold improvements	80,981
Vehicles	352,563
Work in progress	<u>2,674,045</u>
	30,983,907
Less accumulated depreciation	<u>(14,452,791)</u>
Total property and equipment, net	<u>\$ 16,531,116</u>

Total depreciation expense for the year ended June 30, 2024 was \$714,279.

6. OTHER ACCRUED LIABILITIES

Other accrued liabilities consisted of the following at June 30, 2024:

	Amount
DMH settlement reserves	\$ 612,482
Deferred compensation plan liability	
[See note 9]	373,100
Deferred rent liability	234,423
Self-insured retention	<u>64,621</u>
Total other accrued liabilities	<u>\$ 1,284,626</u>

7. LINE OF CREDIT

Casa Pacifica has a renewable revolving line of credit agreement with a financial institution in the amount of \$2,200,000 with a maturity date of November 5, 2024. The line of credit bears a variable interest rate at the U.S. prime rate less 0.5%, and the U.S. prime rate was 3.25% at June 30, 2024. There was no balance outstanding on the line of credit at June 30, 2024. The line is secured by the funds held by Casa Pacifica in its deposit and savings accounts at the financial institution. The line of credit agreement contains certain covenants, with which Casa Pacifica was in compliance at June 30, 2024. Casa Pacifica subsequently renewed the line of credit with a new maturity date of November 5, 2026.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

8. IN-KIND CONTRIBUTIONS

Valuation Techniques & Inputs

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased by Casa Pacifica if not provided by donation. Natural classifications of in-kind expenses for the year ended June 30, 2024 are as follows:

	<u>Amount</u>
Donated services	\$ 297,731
Supplies	<u>894,176</u>
	<u>\$ 1,191,907</u>

In-Kind Services

Contributed services recognized comprise of professional services. Such services are valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

Donor Restrictions

There were no donor restrictions on any in-kind contributions received during the year ended June 30, 2024.

Monetization of In-Kind Contributions

Casa Pacifica does not monetize in-kind contributions and only distributes goods or uses the services for program use.

9. EMPLOYEE BENEFIT PLAN

Defined Contribution Plan

Casa Pacifica has a defined contribution plan covering all eligible employees who have completed three months of service and are age twenty-one or older. Casa Pacifica makes matching contributions equal to 100% up to 5% of the employee's deferred compensation. Casa Pacifica made contributions to the retirement plan of \$452,104 during the year ended June 30, 2024.

Deferred Compensation Plan

Casa Pacifica's Board of Directors entered into an agreement to sponsor an Internal Revenue Code Section 457(b) deferred compensation plan that covers a select group of management employees. The deferred compensation plan liability included in other accrued liabilities on the statement of financial position totaled \$373,100 at June 30, 2024, with the related assets included in investments.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

10. LEASE COMMITMENTS

Casa Pacifica leases facilities, vehicles, and equipment under operating leases with various terms. The components of lease cost for the year ended June 30, 2024 were as follows:

Operating lease cost	\$ 620,035
Right-of-use operating lease	\$ 1,662,223
Operating lease liability	\$ 1,765,406

Other information related to leases at June 30, 2024 was as follows:

Supplemental cash flow information –

Cash paid for amount included in the measurement of lease liabilities:

Operating cash flow from operating leases	\$ 756,111
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ROU assets obtained in exchange for lease obligations:

Operating leases	\$ 2,539,291
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Reductions to ROU assets resulting from reductions to lease obligations:

Operating leases	\$ (773,885)
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Weighted average remaining lease term: 20.35 months

Weighted average discount rate: 2.88%

Maturities of lease liabilities under noncancellable operating leases as of June 30, 2024, are as follows:

Year Ending June 30;	Amount
2025	\$ 756,923
2026	672,891
2027	530,366
2028	165,244
2029	43,697
Total undiscounted lease payments	2,169,121
Less present value discount:	(403,715)
Lease liability balance	<u>\$ 1,765,406</u>

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

11. SPECIAL EVENTS

Casa Pacifica conducts various special fundraising events during the year. The revenue and expenses from these activities for the year ended June 30, 2024, were as follows:

Event	Revenue	Contributions	Expenses	Total
Golf Tournament 9/23	\$ 91,318	\$ 31,855	\$ (44,626)	\$ 78,547
Spotlight on Style Fashion Show 11/23	271,522	12,181	(90,908)	192,795
Wine, Food & Brew Festival 6/24	788,542	750,520	(1,145,271)	393,791
Yummie Dinner 5/24	259,348	62,300	(113,898)	207,750
Total special events, net	<u>\$1,410,730</u>	<u>\$ 856,856</u>	<u>\$ (1,394,703)</u>	<u>\$ 872,883</u>

12. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of undesignated and Board designated amounts as follows at June 30, 2024:

	Amount
Undesignated	\$ 21,029,483
Board designated:	
Reserve fund	731,011
Endowment fund	<u>2,266,302</u>
Total net assets without donor restrictions	<u>\$ 24,026,796</u>

The Board designated endowment fund of \$2,266,302 is held with the Ventura County Community Foundation (refer to Note 2 and Note 3). The Board has also established a reserve fund to be used for capital and other projects.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are part of the net assets of Casa Pacifica resulting from contributions and other inflows of assets whose use by Casa Pacifica is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Casa Pacifica pursuant to those stipulations.

Purpose	Balance at 7/1/23	Income	Expenditures	Balance at 6/30/24
Beneficial interest in perpetual trust	\$ 59,064	\$ -	\$ (59,064)	\$ -
Children and Youth Behavioral				
Health Initiative	-	894,785	-	894,785
Education assistance	74,914	-	(8,591)	66,323
Homekey	1,460,700	464,017	(683,333)	1,241,384
Other programs	<u>386,153</u>	<u>1,376,729</u>	<u>(1,251,049)</u>	<u>511,833</u>
Total	<u>\$ 1,980,831</u>	<u>\$2,735,531</u>	<u>\$ (2,002,037)</u>	<u>\$ 2,714,325</u>

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

14. ACCOUNTING FOR ENDOWMENTS

Interpretation of Relevant Law

The Board of Directors of Casa Pacifica has interpreted State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted permanent endowment funds unless there are explicit donor stipulations to the contrary. As a result of this interpretation, Casa Pacifica classifies as net assets with donor restrictions (a) the original value of gifts donated to all donor-restricted permanent endowments, (b) the original value of any subsequent gifts to donor-restricted permanent endowments, and (c) the original value of accumulations to donor restricted permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of a donor-restricted permanent endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Casa Pacifica in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, Casa Pacifica considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund
- The purposes of Casa Pacifica and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Casa Pacifica
- The investment policy of Casa Pacifica

The changes in endowment net assets for the year ended June 30, 2024, are as follows:

	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, July 1, 2023	\$ 138,075	\$ 59,064	\$ 197,139
Investment return:			
Investment income	9,453	-	9,453
Net gains (realized and unrealized)	<u>118,774</u>	<u>-</u>	<u>118,774</u>
Total investment return	128,227	-	128,227
Contributions	2,000,000		2,000,000
Distributions	<u>-</u>	<u>(59,064)</u>	<u>(59,064)</u>
Endowment net assets, June 30, 2024	<u><u>\$2,266,302</u></u>	<u><u>\$ -</u></u>	<u><u>\$2,266,302</u></u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires Casa Pacifica to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions, when applicable. There were no such deficiencies as of June 30, 2024.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

15. LIQUIDITY AND FUNDS AVAILABLE

The total financial assets held by Casa Pacifica at June 30, 2024 and the amount of those financial assets that could be made available for general expenditure within one year of the date of the statement of financial position are summarized in the following table:

	<u>June 30, 2024</u>
Financial assets:	
Cash and cash equivalents	\$ 3,690,621
Contracts receivables, net	4,253,635
Promises to give	9,333
Investments	<u>11,314,797</u>
Total financial assets	19,268,386
Less restrictions:	
Contractual or donor-imposed restrictions:	
Restricted by donors with time or purpose restrictions	(2,714,325)
Endowment fund, for long term-investing	<u>(2,266,302)</u>
Total restrictions	<u>(4,980,627)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,287,759</u>

Casa Pacifica regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of Casa Pacifica's liquidity management, it has the policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Casa Pacifica has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. Casa Pacifica also has access to a \$2,200,000 line of credit facility with the full amount available for borrowing at June 30, 2024. In addition, at June 30, 2024, Casa Pacifica has a Board designated endowment fund of \$2,266,302 and a Board designated reserve fund of \$731,011 that could be drawn upon with Board approval.

CASA PACIFICA CENTERS FOR CHILDREN AND FAMILIES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)

16. COMMITMENTS AND CONTINGENCIES

Governmental Funding

Casa Pacifica'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. However, due to the complexity and timing of the DMH contract settlement process, Casa Pacifica has set aside a reserve of \$612,482 for its DMH contracts [see Note 2 and Note 6]. The reserve is related to DMH contract years which have not yet been settled by the State of California and its counties. Upon settlement by the State of California and the counties, Casa Pacifica records known prior-year settlements (disallowances, additional funding, contract adjustments, and related year reserves write-offs) as contract settlement adjustments.

Legal

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

17. SUBSEQUENT EVENTS

Casa Pacifica has evaluated events subsequent to June 30, 2024, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through February 6, 2024, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that the following subsequent events occurred that require recognition or additional disclosure in the financial statements.

SUPPLEMENTAL INFORMATION



VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

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

To the Board of Directors of
Casa Pacifica Centers for Children and Families
(A California Non-Profit Corporation)
Camarillo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Casa Pacifica Centers for Children and Families (A California Non-Profit Corporation), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Casa Pacifica Centers for Children and Families' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Casa Pacifica Centers for Children and Families' internal control. Accordingly, we do not express an opinion on the effectiveness of Casa Pacifica Centers for Children and Families' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Casa Pacifica Centers for Children and Families financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Vosin, Hryn + Co.

Calabasas, California
February 6, 2024

SUPPLEMENTAL SCHEDULES FOR DEPARTMENT OF SOCIAL SERVICES

TOTAL PROGRAM COST DISPLAY (FCR 12FFA)*SUBMIT ONE FOR EACH PROGRAM*Number of months in cost reporting period 12

CORPORATE/LICENSEE NAME		PROGRAM NAME (IF DIFFERENT)		CORPORATE NUMBER		PROGRAM NUMBER		AGENCY FISCAL YEAR (MO /YR - MO /YR)	
Casa Pacifica Centers for Children and Families		Foster Family Agency		1607658		1566.01.02		7/01/23 - 6/30/24	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
LINE	LINE ITEMS OF COST	TOTAL (SUM OF COLS. 3 THRU 6)	ADMINISTRATION	RECRUITMENT	TRAINING	SOCIAL WORK	EXPLANATION		
100a	Executive Director Salary	16,682.52	16,682.52						
100b	Assistant Director Salary								
100c	Administrator Salary								
100d	All Other Administrative Salaries	84,643.41	84,643.41						
101	Recruitment Payroll								
102	Training Payroll								
110	Administrative Contracts	744.00	744.00						
121	Telephone								
122	Postage and Freight								
123	Office Supplies								
132	Conferences, Meetings, In-Service Training								
133	Memberships, Subscriptions, Dues	2,018.00	2,018.00						
134	Printing, Publications								
135	Bonding, General Insurance								
137	Advertising								
138	Miscellaneous	67,455.00	67,455.00						
		171,542.93	171,542.93						
200	Building and Equipment Payroll								
211	Building Rents and Leases	10,976.00	10,976.00						
214	Acquisition Mortgage Principal & Interest								
215	Property Appraisal Fees								
216	Property Taxes								

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

Number of months in cost reporting period 12

CORPORATE/LICENSEE NAME		CORPORATE NUMBER (IF DIFFERENT)	CORPORATE NUMBER		PROGRAM NUMBER		AGENCY FISCAL YEAR (MO/ YR - MO/ YR)	
(1) LINE	(2) LINE ITEMS OF COST	(3) TOTAL (SUM OF COLS. 4 THRU 7)	(4) ADMINISTRATION	(5) RECRUITMENT	(6) TRAINING	(7) SOCIAL WORK	(8) EXPLANATION	
217	Building and Equipment Insurance	4,244.00	4,244.00					
221	Utilities	2,032.00	2,032.00					
222	Building Maintenance							
223	Building and Equipment Contracts							
224	Building and Equipment Supplies	5,151.00	5,151.00					
225	Equipment Leases							
226	Equipment Depreciation Expense							
227	Expendable Equipment							
228	Building and Equipment Miscellaneous							
241	Vehicle Leases	3,383.43	3,383.43					
242	Vehicle Depreciation							
243	Vehicle Operating Costs	563.15	563.15					
		26,349.58	26,349.58					
350	Total Paid to Certified Family Homes	163,127.00	163,127.00					
352	Other Child-Related Costs, Not Provided by Certified Family Homes	650.00	650.00					
		163,777.00	163,777.00					
410	Social Worker Payroll and/or Social Worker Contract							
440	Direct Care Contracts							
500	TOTAL EXPENSES	361,669.51	361,669.51					

GROUP HOME PROGRAM COST REPORT (SR 3)

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

Number of months in cost reporting period 12

CORPORATE NAME:		PROGRAM NAME (IF DIFFERENT)	CORPORATE NUMBER	PROGRAM NUMBER	PROGRAM FISCAL YEAR (MO /YR - MO /YR)	
Casa Pacifica Centers for Children and Families		Residential Treatment Center	1607658	1566.0.01	7/23 - 6/24	

COST GROUPS		A	B	C	D	E	F
		TOTAL PROGRAM COSTS	OFFSETS	REASONABLENESS ADJUSTMENTS	FINAL COSTS (COL. A MINUS COLS. B & C)	PERCENTAGE OF TOTAL COSTS	CDSS USE ONLY
1	Child Care & Supervision	\$1,282,324			\$1,282,324	50.9%	
2	Social Work Activity						
3	Food	\$169,901			\$169,901	6.7%	
4a	Shelter Costs - Building Rent & Leases						
4b	Shelter Costs - Approved by Attorney General Self-Dealing Transactions Affiliated Leases	\$70,713			\$70,713	2.8%	
4c	Shelter Costs - Acquisition Mortgage: Principal & Interest						
5	Building & Equipment	\$295,517			\$295,517	11.7%	
6	Utilities	\$9,297			\$9,297	0.4%	
7	Vehicles & Travel	\$39,687			\$39,697	1.6%	
8	Child-Related	\$28,770			\$28,770	1.1%	
9a	Executive Director Salary						
9b	Assistant Director Salary						
9c	Administrator Salary						
9d	All Other Admin. Salaries						
9e	Financial Audit Costs						
9f	Administration (Minus Admin. Salaries and Financial Audit Costs)	\$625,537			\$625,537	24.8%	
	TOTAL	\$2,521,746			\$2,521,746	100%	

CDSS USE ONLY						KDE DATE

GROUP HOME PROGRAM

PAYROLL & FRINGE BENEFIT REPORT (SR 4)

Number of months in cost reporting period: 12

CORPORATE/LICENSEE NAME:	CORPORATE NUMBER:	PROGRAM NUMBER	PROVIDER FISCAL YR (MO/ YR - MO /YR)
Casa Pacifica Centers for Children & Fami	1607658	1566 00 01	07 23 06 24

	(1) Child Care & Supervision	(2) Social Work Activities	(3) CDSS USE ONLY
I. PAYROLL (DO NOT INCLUDE BENEFITS)	\$1,051,869		
II. FRINGE BENEFIT EXPENSE			
1. FICA Employer Tax (include MEDICARE)	\$79,982		
2. Unemployment Coverage (State & Federal)	\$1,693		
3. Workers' Compensation Insurance			
4. Medical Insurance Expense	\$128,700		
5. Retirement	\$20,079		
6. Other (Specify on back of form)			
TOTAL FRINGE BENEFITS (Add Lines 1 through 6)	\$230,454	\$0	
III. TOTAL PAYROLL & FRINGE BENEFITS	\$1,282,323	\$0	
IV. CONTRACTOR COSTS			
V. TOTAL (Add Line III and Line IV) Transfer to Column A, Lines 1 and 2, Cost Report (SR 3)	\$1,282,323	\$0	

CDSS USE ONLY