

**CALIFORNIA ASSOCIATION FOR  
BILINGUAL EDUCATION**

**Financial Statements  
June 30, 2015 and 2014  
And For The Years Then Ended**

Together with Independent Auditors' Report

# CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION

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June 30, 2015 and 2014

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
California Association for Bilingual Education

### Report on the Financial Statements

We have audited the accompanying financial statements of California Association for Bilingual Education ("CABE"), a California nonprofit corporation, which comprise the statements of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CAFE 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.

**Other Matter**

The financial statements of CAFE as of June 30, 2014, were audited by other auditors whose report dated March 3, 2015, expressed an unmodified opinion on those statements.

**Report of Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2015 functional expenses on page 16 are presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole. The 2014 functional expenses on page 17 was subjected to the auditing procedures applied in the 2014 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2014 financial statements as a whole.

**Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2016 on our consideration of CAFE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CAFE's internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Pasadena, California  
February 26, 2016

**California Association for Bilingual Education**  
**Statements of Financial Position**  
**June 30, 2015 and 2014**

	2015	2014
<b>ASSETS</b>		
Cash	\$ 653,864	\$ 764,918
Certificates of deposit	469,575	468,906
Accounts receivable	240,444	107,906
Grants receivable (Note 3)	76,644	117,304
Inventories	36,191	82,524
Prepaid expenses and other assets	23,203	6,748
Endowment investments (Note 4)	49,588	48,887
Property and equipment, net (Note 5)	393,488	415,560
Total current assets	\$ 1,942,997	\$ 2,012,753
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 169,951	\$ 383,261
Deferred revenue	125,284	40,399
Note payable (Note 6)	94,150	134,382
Total liabilities	389,385	558,042
Commitments and Contingencies (Note 8)		
<b>NET ASSETS</b>		
Unrestricted	1,482,707	1,287,250
Temporarily restricted (Note 9)	30,905	127,461
Permanently restricted (Note 10)	40,000	40,000
Total net assets	1,553,612	1,454,711
Total liabilities and net assets	\$ 1,942,997	\$ 2,012,753

See independent auditors' report  
The accompanying notes are an integral part of these financial statements

**California Association for Bilingual Education**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2015</u>
<b>REVENUE</b>				
Conference fees	\$ 2,206,655	\$ -	\$ -	\$ 2,206,655
Grants from private foundations	85,900	1,975	-	87,875
Government grant	628,484	-	-	628,484
Membership dues	88,942	-	-	88,942
Program income	388,850	-	-	388,850
In-kind contributions	31,500	-	-	31,500
Cash contributions	500	-	-	500
Publications and promotional sales	21,680	-	-	21,680
Investment income (Note 4)	804	701	-	1,505
Net assets released from restrictions (Note 9)	99,232	(99,232)	-	-
	<u>3,552,547</u>	<u>(96,556)</u>	<u>-</u>	<u>3,455,991</u>
<b>EXPENSES</b>				
Program services	2,566,391	-	-	2,566,391
Support services	790,699	-	-	790,699
	<u>3,357,090</u>	<u>-</u>	<u>-</u>	<u>3,357,090</u>
Increase (Decrease) in net assets	<u>195,457</u>	<u>(96,556)</u>	<u>-</u>	<u>98,901</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,287,250</u>	<u>127,461</u>	<u>40,000</u>	<u>1,454,711</u>
NET ASSETS, END OF YEAR	<u>\$ 1,482,707</u>	<u>\$ 30,905</u>	<u>\$ 40,000</u>	<u>\$ 1,553,612</u>

See independent auditors' report  
The accompanying notes are an integral part of these financial statements

**California Association for Bilingual Education**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>
<b>REVENUE</b>				
Conference fees	\$ 2,069,134	\$ -	\$ -	\$ 2,069,134
Grants from private foundations	257,400	-	-	257,400
Government grant	566,943	-	-	566,943
Membership dues	80,545	-	-	80,545
Program income	245,755	-	-	245,755
In-kind contributions	46,340	-	-	46,340
Cash contributions	8,554	-	-	8,554
Publications and promotional sales	15,645	-	-	15,645
Investment income (Note 4)	1,599	5,500	-	7,099
	<u>3,291,915</u>	<u>5,500</u>	<u>-</u>	<u>3,297,415</u>
<b>EXPENSES</b>				
Program services	2,328,995	-	-	2,328,995
Support services	492,262	-	-	492,262
	<u>2,821,257</u>	<u>-</u>	<u>-</u>	<u>2,821,257</u>
Increase in net assets	470,658	5,500	-	476,158
NET ASSETS, BEGINNING OF YEAR	<u>816,592</u>	<u>121,961</u>	<u>40,000</u>	<u>978,553</u>
NET ASSETS, END OF YEAR	<u>\$ 1,287,250</u>	<u>\$ 127,461</u>	<u>\$ 40,000</u>	<u>\$ 1,454,711</u>

See independent auditors' report  
The accompanying notes are an integral part of these financial statements

**California Association for Bilingual Education**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2015 and 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 98,901	\$ 476,158
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	34,072	23,515
Changes in assets and liabilities:		
Accounts receivable	(132,538)	(74,123)
Grants receivable	40,661	(58,870)
Inventories	46,333	14,256
Prepaid expenses and other assets	(16,455)	(2,190)
Accounts payable and accrued expenses	(213,312)	289,196
Deferred revenue	84,886	5,075
Net cash (used in) provided by operating activities	(57,452)	673,017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(1,370)	(5,500)
Purchases of property and equipment	(12,000)	(13,042)
Net cash used in investing activities	(13,370)	(18,542)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payment of note payable	(40,232)	(37,307)
Increase (decrease) in cash	(111,054)	617,168
CASH - BEGINNING OF YEAR	764,918	147,750
CASH - END OF YEAR	\$ 653,864	\$ 764,918
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid during the year for interest	\$ 8,714	\$ 11,613

See independent auditors' report  
The accompanying notes are an integral part of these financial statements



**California Association for Bilingual Education**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**(1) ORGANIZATION**

The California Association for Bilingual Education (“CABE”) is a non-profit organization incorporated in 1976 to promote bilingual education and quality educational experiences for all students in California. CABE has approximately 5,000 members with over 60 chapters/affiliates, all working to promote equity and student achievement for students with diverse cultural, racial, and linguistic backgrounds. CABE recognizes and honors the fact that we live in a rich multicultural, global society and that respect for diversity makes us a stronger state and nation.

CABE’s vision is “Biliteracy, Educational Equality and 21<sup>st</sup> Century Success for All.”

To support this central vision of biliteracy, educational equity, and 21 century success for all students, CABE will implement priorities, initiatives, and services designated to dramatically increase California’s capacity to create 21<sup>st</sup> century learning environments of high intellectual performance for all English Learners and to graduate all English Learners college, career, and 21st century ready and prepared to live their lives to their full potential.

As the premier organization focused on the education of California’s English Learners, CABE will judge ourselves as successful to the degree that CABE assists our districts, schools, and communities in achieving this 21st century vision of student success for every group of English Learners they serve.

CABE is a statewide advocacy organization with members and chapters and affiliates across the state who firmly believe that all students have the right to be bilingual. CABE focuses on the needs of the 1.4 million English learners in the state of California. Learning bilingually accelerates and sustains academic progress while ensuring that English learners attain high standards as they prepare to be 21<sup>st</sup> century citizens. As an organization, CABE supports ongoing research, planning, and learning to guide our social movement for equitable instructional programs and practices. We work with other partners to influence program development and policy through the advocacy and legislative process.

In promoting the above, CABE has established the following programs:

Professional Development Conferences and Institutes - CABE is the premier organization for professional development on the education of English Learners in California. This professional development program (9 regional conferences and an annual statewide conference) is for educators, parents, and other community members.

Project 2INSPIRE - The goal of Project 2INSPIRE is to provide high quality education, resources, and professional and leadership development to parents with an emphasis on outreach and services to parents of most disadvantaged students, including parents of low income, minority, and limited English proficient students.

CABE Professional Development Services (CABE PDS) - The goal of CABE PDS is to provide schools and districts with services such as customized trainings, coaching, feasibility studies and leadership development.

**California Association for Bilingual Education**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**(1) ORGANIZATION (Continued)**

CABE has two affiliated non-profit entities operating under CABE's license:

**2-Way CABE** - An organization dedicated to advocating for and assisting with the planning and implementation of quality two-way bilingual immersion (K-12 grade) programs that provide all students the opportunity to become fully bilingual.

**California Association of Bilingual Teachers Educators (CABTE)** - This affiliate, whose members are professors at universities across the state, prepares bilingual teachers to work with diverse background students, especially English learners.

CABE and its affiliates are primarily supported by income received from conferences, contracts for services, grants and meetings. The two affiliated entities have minimal assets and activities during 2015 and 2014.

In addition, CABE has about 20 statewide chapters. These chapters have minimal assets and activities during the year and are not included in these financial statements.

Accordingly, the activities of the affiliates and chapters are not consolidated with CABE for the years ended June 30, 2015 and 2014.

**(2) SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation** – The financial statements of CABE have been prepared in conformity to generally accepted accounting principles in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CABE and changes therein have been classified and are reported as follows:

**Unrestricted net assets** – Net assets not subject to donor-imposed stipulations; donor-restricted contributions whose restrictions are met in the same reporting period; and net assets designated by the Board of Trustees of management for specific purposes.

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of CABE and/or by the expiration of stipulated time.

**Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by CABE. Generally, the donors of these assets permit CABE to use all or part of the income earned on related investments for general or specific purposes.

**California Association for Bilingual Education**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Endowment - Return Objectives, Risk Parameters – Endowment assets include those assets of donor-restricted funds that CABE must hold in perpetuity. The endowment assets are invested in a conservative manner that is intended to preserve capital, assuming almost no risk of investment loss while the endowment balances are still relatively small. CABE may change their investment based on the future size of the endowment and the needs of the CABE.

Revenue and Expense Recognition – Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Contributions – Contributions that are unconditional promises to give (pledges) are recorded as receivables and revenues. For financial reporting purposes, CABE distinguishes between contributions of unrestricted assets, temporarily restricted assets and permanently restricted assets. Contributions on which donors have imposed restrictions which limit the use of the contributed assets are reported as restricted. When such donor-imposed restrictions are met in subsequent reporting periods, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Contributed assets which are subject perpetual donor restrictions and from which only the current income may be used are classified as permanently restricted assets. Contributed assets for which donors have not stipulated restrictions, as well as contributions on which donors have placed restrictions which are met within the same reporting period, are reported as unrestricted support.

In-kind Contributions - Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Cost Reimbursable Grant – Revenue from cost reimbursable grants is recorded to the extent of expenses incurred applicable to the grant. Any difference between expenses incurred and the total funds received (not to exceed the grant maximum) is recorded as a payable, receivable, or an advance, whichever is applicable.

Cash - Cash includes cash and temporary cash investments. CABE maintains its cash in banks, which, at times, may exceed Federal Deposit Insurance Corporation insured limits. CABE has not experienced any losses in such accounts. Management of CABE believes it is not exposed to any significant risk in its cash accounts.

Certificates of Deposit (CDs) - All of the CDs are fully-insured by the FDIC up to statutory limits. At June 30, 2015, maturity dates of the certificates of deposit ranged from April 2016 to August 2016 and interest rates ranged from 0.05% to 0.90%.

**California Association for Bilingual Education**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories - Inventories consist of published books, tapes, CD's and other promotional items held for sale to CABA members and the general public. Inventory is stated at the lower of cost or market. Cost is determined using FIFO (first in, first out). Inventory reserves are recorded for inventory items that have become excess or obsolete or are no longer saleable and for inventory that has a market price less than the carrying value in inventory.

Endowment Investments - Endowment investments represent assets restricted by donors for endowment and are stated at fair value. Unrealized gains or losses on investments are reflected in the statement of activities.

Fair Value – Fair Value Standards (ASC 820-10) establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Credit Concentration – Financial instruments that potentially subject CABA to concentration of credit risk are cash, certificate of deposits, and investments. CABA's cash is held by recognized financial institutions. Cash held in the bank is insured by the Federal Deposit Insurance Corporation up to statutory limits. CABA holds investments in the form of US equity mutual funds. Mutual funds are not insured.

Concentration of credit risks with respect to accounts receivable and grants receivable are limited, due to CABA's historical collection experience as the majority of CABA's receivables consist of earned fees from contract programs granted by governmental agencies. CABA continually monitors its receivables and establishes valuation reserves as considered appropriate.

**California Association for Bilingual Education**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment - Property and equipment are recorded at cost or, if donated, at estimated fair value at the date of donation. The cost of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. Maintenance and repairs are charged to expense as incurred. CABE generally capitalizes assets with an original cost over \$500. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	10-27.5 years
Building improvements	5-10 years
Furniture, fixtures and equipment	3-10 years
Software	3-5 years

Impairment of Long-lived Assets - CABE reviews the carrying amount of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Impairment losses, if any, are recognized when estimated future cash flows (undiscounted and without interest charges) derived from such assets are less than their carrying values. Management believes no such impairment occurred during the years ended June 30, 2015 and 2014.

Conference Fees - Conference fees are recognized in the period the conference was held. Conference fees received in advance are recorded as part of unearned income in the statement of financial position.

Membership Dues - Membership dues are amortized over the period to which the dues relate, which is typically 12 months. Unamortized balance is recorded as part of unearned income in the statement of financial position.

Publications and Promotional Sales - Publication and promotional sales are measured at the fair value of the consideration received or receivable net of sales tax, trade discounts and customer returns.

Advertising Costs – Advertising costs are expensed as incurred.

Income Taxes – CABE has received favorable determination letters indicating it is generally exempt from Federal income taxes and California franchise taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by CoachArt are more likely than not to be sustained upon examination. The returns are subject to examination by federal and state taxing authorities generally three and four years, respectively, after they are filed.

**California Association for Bilingual Education**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**(2) SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications - Reclassifications have been made to the prior year financial statements in order to be consistent with the current year presentation.

Subsequent Events - Subsequent events have been evaluated through February 26, 2016, the date that these financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.

**(3) GRANTS RECEIVABLE**

Grants receivable consists of outstanding grants from the government which are collectible within one year.

**(4) ENDOWMENT INVESTMENTS**

At June 30, 2015 and 2014, CABE's endowment investments totaling \$49,588 and \$48,887, respectively, are held in various US equity mutual funds and is considered level 1 under the fair value hierarchy.

Investment income for the years ended June 30, 2015 and 2014, consists of interest and dividends.

**(5) PROPERTY AND EQUIPMENT**

At June 30, 2015 and 2014, property and equipment consisted of the following:

	2015	2014
Buildings	\$ 558,725	\$ 558,725
Building improvements	48,645	48,645
Furniture, fixtures and equipment	308,669	308,669
Software	12,000	-
	928,039	916,039
Less: accumulated depreciation	(534,551)	(500,479)
	\$ 393,488	\$ 415,560

**California Association for Bilingual Education**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**(6) NOTE PAYABLE**

CABE has a long-term note payable to a commercial bank, collateralized by CABE's real property, with monthly payments of \$4,079 including interest at 7.5%, due in July 2017.

Annual maturities of note payable are as follows:

<u>Year ending June 30</u>		
2016	\$	43,357
2017		46,772
2018		<u>4,021</u>
	<u>\$</u>	<u>94,150</u>

**(7) RETIREMENT PLAN**

CABE has a 403(b) defined contribution plan under which eligible employees may make salary reduction tax-deferred contributions up to the statutory maximum. Employee eligibility for CABE's contribution is based upon years of service. CABE contributes 1% of an eligible employee's salary during the first year of service and 2% thereafter. An employer's contribution is fully vested after the third year of service, as defined. For the years ended June 30, 2015 and 2014, CABE contributed \$17,218 and \$15,538 respectively, to the retirement plan.

**(8) COMMITMENTS AND CONTINGENCIES**

Office Equipment Leases - CABE leases a copier and an office postage machine under non-cancelable operating lease agreements.

Future minimum lease payments under non-cancellable operating leases are as follows:

<u>Years Ending June 30</u>	<u>Copier</u>	<u>Mailing</u>	<u>Total</u>
2016	\$ 19,020	\$ 7,416	\$ 26,436
2017	-	7,416	7,416
2018	-	<u>4,326</u>	<u>4,326</u>
	<u>\$ 19,020</u>	<u>\$ 19,158</u>	<u>\$ 38,178</u>

**California Association for Bilingual Education**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**(8) COMMITMENTS AND CONTINGENCIES (Continued)**

Rental expense for the year ended June 30, 2015 and 2014 related to these leases amounted to \$39,432 and \$12,613.

Employment Agreement – CABE has an employment agreement with an executive employee through June 30, 2017.

**(9) TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of donor-restricted amounts received and/or pledged, which limit the use of the donated assets. Temporarily restricted net assets at June 30, 2015 and 2014 are composed of the following:

	2015	2014
Scholarship	\$ 19,342	\$ 51,442
Accumulated earnings on endowment	9,588	8,887
Restricted as to time	-	50,000
Other	1,975	17,132
	\$ 30,905	\$ 127,461

During the fiscal year ended June 30, 2015, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

Purpose restrictions accomplished:

Restricted as to time	\$ 50,000
Scholarship	32,100
Other	17,132
	\$ 99,232

Net assets were not released during the year ended June 30, 2014.

**(10) PERMANENTLY RESTRICTED NET ASSETS**

At June 30, 2015 and 2014, permanently restricted net assets consist of the Penichet Trust Endowment fund. The earnings on the fund are restricted for scholarship.



**California Association for Bilingual Education**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**(11) ENDOWMENT**

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

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

- (1) The duration and preservation of the fund
- (2) The purposes of the CABE and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the CABE
- (7) The investment policies of the CABE

Changes in donor-restricted endowment assets for the years ended June 30, 2015 and 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2013	\$ -	\$ 3,387	\$ 40,000	\$ 43,387
Investment income	-	5,500	-	5,500
Endowment net assets, June 30, 2014	-	8,887	40,000	48,887
Investment income	-	701	-	701
Endowment net assets, June 30, 2015	<u>\$ -</u>	<u>\$ 9,588</u>	<u>\$ 40,000</u>	<u>\$ 49,588</u>

**California Association for Bilingual Education  
Schedule of Functional Expenses  
Year ended June 30, 2015**

	Program Services											Total
	i3 Grants	Membership	Annual Conference	Para-Educator and Parent Conferences	Professional Development Services	Other Program Services	Public Relations/ Advocacy	Sub-Total Program Services	Fundraising	General and Administration	Sub-Total Support Services	
Salaries	\$ 327,110	\$ 4,600	\$ 406,349	\$ 13,052	\$ 8,048	\$ 116,550	\$ 15,994	\$ 891,703	\$ 24,750	\$ 244,477	\$ 269,227	\$ 1,160,930
Fringe benefits	27,261	283	27,356	803	94	9,260	983	66,040	1,818	25,759	27,577	93,617
Payroll taxes	27,385	393	34,402	1,116	694	10,374	1,367	75,731	2,105	20,912	23,017	98,748
Temporary help	-	-	7,865	-	-	-	-	7,865	-	-	-	7,865
Food catering services	-	1,563	128,415	84,856	15,401	3,025	-	233,260	-	1,994	1,994	235,254
Travel, meals and lodging	37,899	1,125	223,611	11,866	10,439	43,795	19,360	348,095	-	63,630	63,630	411,725
Professional fees	-	-	-	-	-	-	-	-	-	17,600	17,600	17,600
Facility rental	-	-	-	8,572	2,514	-	-	11,086	-	-	-	11,086
Office & activity supplies	6,332	7,389	40,737	723	262	3,177	26	58,646	-	13,451	13,451	72,097
Equipment rental & repair	-	-	71,130	9,956	582	-	-	81,668	-	55,319	55,319	136,987
Reprographics, printing & copies	1,072	9,622	35,472	-	744	884	9	47,803	-	17,448	17,448	65,251
In-kind contribution expenses	-	-	31,500	-	-	-	-	31,500	-	-	-	31,500
Telephone	3,031	-	558	-	-	1,376	50	5,015	-	20,871	20,871	25,886
Speaker fees and travel	-	-	25,135	1,600	-	-	-	26,735	-	-	-	26,735
Depreciation	-	-	-	-	-	-	-	-	-	34,072	34,072	34,072
Bank fees and charges	-	-	32,647	-	-	-	-	32,647	-	1,422	1,422	34,069
Scholarships	-	-	3,600	-	-	11,950	-	15,550	-	-	-	15,550
Postage and mailing	187	74	7,243	4,527	190	605	522	13,348	-	3,401	3,401	16,749
Interest expense	-	-	-	-	-	-	-	-	-	8,714	8,714	8,714
Office building operating expenses	511	-	9,299	-	-	-	-	9,810	-	37,252	37,252	47,062
Costs of good sold	-	-	8,979	54,429	-	4,944	-	68,352	-	-	-	68,352
Insurance, taxes and licenses	-	3,870	-	-	-	-	-	3,870	-	15,028	15,028	18,898
Awards and gifts	819	-	4,700	396	-	3,480	-	9,395	-	1,923	1,923	11,318
Dues and subscriptions	300	1,811	-	-	-	-	1,050	3,161	-	378	378	3,539
Conference music show	-	-	5,500	1,600	-	-	-	7,100	-	-	-	7,100
Consultant Reimbursements	842	-	-	-	12,047	-	427	13,316	-	4,870	4,870	18,186
Outsides services	144,609	8,204	86,732	2,839	150,342	-	63,750	456,476	-	212,766	212,766	669,242
Seminars and education	408	-	-	-	35	-	682	1,125	-	640	640	1,765
Advertising and promotions	-	-	2,594	-	-	-	125	2,719	-	1,099	1,099	3,818
Indirect costs	43,875	-	-	-	-	-	-	43,875	-	(43,875)	(43,875)	-
Donations and Contributions	-	-	-	-	-	-	500	500	-	2,875	2,875	3,375
<b>Total functional expenses</b>	<b>\$ 621,641</b>	<b>\$ 38,934</b>	<b>\$ 1,193,824</b>	<b>\$ 196,335</b>	<b>\$ 201,392</b>	<b>\$ 209,420</b>	<b>\$ 104,845</b>	<b>\$ 2,566,391</b>	<b>\$ 28,673</b>	<b>\$ 762,026</b>	<b>\$ 790,699</b>	<b>\$ 3,357,090</b>

See independent auditors' report  
The accompanying notes are an integral part of these financial statements

**California Association for Bilingual Education  
Schedule of Functional Expenses  
Year ended June 30, 2014**

	Program Services							Sub-Total Program Services	Fundraising	General and Administration	Sub-Total Support Services	Total
	i3 Grants	Membership	Annual Conference	Para-Educator and Parent Conferences	Professional Development Services	Other Program Services	Public Relations/ Advocacy					
Salaries	\$ 312,638	\$ 5,429	\$ 363,817	\$ 13,789	\$ 12,500	\$ 117,862	\$ 16,897	\$ 842,932	\$ 20,250	\$ 169,214	\$ 189,464	\$ 1,032,396
Fringe benefits	31,704	391	26,267	1,110	153	3,430	1,361	64,416	1,761	23,578	25,339	89,755
Payroll taxes	26,373	975	31,665	1,188	965	10,019	1,455	72,640	1,723	13,480	15,203	87,843
Temporary help	-	5,010	9,345	-	-	-	-	14,355	-	-	-	14,355
Food catering services	-	-	143,382	32,241	15,220	-	3,410	194,253	-	1,790	1,790	196,043
Travel, meals and lodging	27,142	552	179,102	9,516	9,391	31,245	16,911	273,859	-	32,750	32,750	306,609
Professional fees	-	-	-	-	-	-	-	-	-	20,005	20,005	20,005
Facility rental	-	-	2,200	34,453	-	244	-	36,897	-	-	-	36,897
Office & activity supplies	10,217	2,088	10,793	3,706	613	5,616	20	33,053	-	13,210	13,210	46,263
Equipment rental & repair	2,600	-	46,835	7,404	-	6,114	-	62,953	-	19,440	19,440	82,393
Reprographics, printing & copies	77	7,704	18,218	25	739	10,030	435	37,228	-	18,343	18,343	55,571
In-kind contribution expenses	-	-	46,340	-	-	-	-	46,340	-	-	-	46,340
Telephone	6,048	-	99	10	-	3,749	109	10,015	-	18,978	18,978	28,993
Speaker fees and travel	10,000	-	10,587	-	14,700	85	-	35,372	-	-	-	35,372
Depreciation	-	-	-	-	-	-	-	-	-	23,514	23,514	23,514
Bank fees and charges	-	-	23,221	-	-	-	-	23,221	-	7,191	7,191	30,412
Scholarships	-	-	3,000	-	-	8,900	-	11,900	-	-	-	11,900
Postage and mailing	1,527	384	3,237	1,549	-	684	64	7,445	-	4,826	4,826	12,271
Interest expense	-	-	-	-	-	-	-	-	-	11,613	11,613	11,613
Office building operating expenses	-	-	10,471	-	-	7,137	-	17,608	-	16,789	16,789	34,397
Costs of good sold	-	900	259	21,537	-	3,743	-	26,439	-	367	367	26,806
Insurance, taxes and licenses	-	-	-	-	-	8	-	8	-	17,413	17,413	17,421
Awards and gifts	83	-	8,546	295	-	1,950	-	10,874	-	2,250	2,250	13,124
Dues and subscriptions	100	559	-	-	-	300	1,499	2,458	-	232	232	2,690
Conference music show	-	-	2,000	-	-	-	-	2,000	-	-	-	2,000
Consultant Reimbursements	-	-	-	-	-	-	1,400	1,400	-	64	64	1,464
Outsides services	92,460	1,995	107,749	3,626	61,872	90,157	60,000	417,859	-	95,812	95,812	513,671
Seminars and education	-	218	-	-	-	32,433	1,425	34,076	-	3,643	3,643	37,719
Advertising and promotions	-	-	2,820	-	-	-	250	3,070	-	-	-	3,070
Indirect costs	45,974	-	-	-	-	-	-	45,974	-	(45,974)	(45,974)	-
Donations and Contributions	-	-	-	-	-	-	350	350	-	-	-	350
<b>Total functional expenses</b>	<b>\$ 566,943</b>	<b>\$ 26,205</b>	<b>\$ 1,049,953</b>	<b>\$ 130,449</b>	<b>\$ 116,153</b>	<b>\$ 333,706</b>	<b>\$ 105,586</b>	<b>\$ 2,328,995</b>	<b>\$ 23,734</b>	<b>\$ 468,528</b>	<b>\$ 492,262</b>	<b>\$ 2,821,257</b>

See independent auditors' report  
The accompanying notes are an integral part of these financial statements



**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**

Board of Directors  
California Association for Bilingual Education  
Covina, 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 California Association for Bilingual Education (CABE), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 26, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CABE's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CABE's internal control. Accordingly, we do not express an opinion on the effectiveness of CABE's internal control.

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

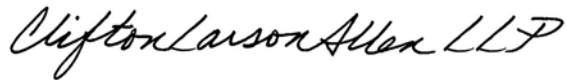
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Pasadena, California  
February 26, 2016