

CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2016 AND 2015

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
California Association for Bilingual Education
Covina, California

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, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 CABA as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and 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 audits 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Pasadena, California
November 30, 2016

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

ASSETS	2016	2015
Cash	\$ 285,512	\$ 653,864
Certificates of Deposit	98,957	469,575
Accounts Receivable	363,811	240,444
Grants Receivable	105,476	76,644
Investments (Note 2)	722,105	49,588
Inventories	23,006	36,191
Prepaid Expenses and Other Assets	21,028	23,203
Property and Equipment, Net	383,098	393,488
Total Assets	\$ 2,002,993	\$ 1,942,997
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 247,146	\$ 169,951
Deferred Revenue	68,649	125,284
Note Payable (Note 5)	50,795	94,150
Total Liabilities	366,590	389,385
NET ASSETS		
Unrestricted	1,587,213	1,482,707
Temporarily Restricted (Note 8)	9,190	30,905
Permanently Restricted (Note 9)	40,000	40,000
Total Net Assets	1,636,403	1,553,612
Total Liabilities and Net Assets	\$ 2,002,993	\$ 1,942,997

See accompanying Notes to Financial Statements.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Conference Fees	\$ 2,737,181	\$ -	\$ -	\$ 2,737,181
Grants and Contributions	71,592	-	-	71,592
Government Grant	563,591	-	-	563,591
Membership Dues	161,875	-	-	161,875
Program Income	585,600	-	-	585,600
In-Kind Contributions	17,500	-	-	17,500
Publications and Promotional Sales	33,988	-	-	33,988
Investment Income (Note 2)	1,119	2,675	-	3,794
Net Assets Released from Restrictions (Note 8)	24,390	(24,390)	-	-
Total Revenue	<u>4,196,836</u>	<u>(21,715)</u>	<u>-</u>	<u>4,175,121</u>
EXPENSES				
Program Services	3,225,835	-	-	3,225,835
General and Administrative	836,593	-	-	836,593
Fundraising	29,902	-	-	29,902
Total Expenses	<u>4,092,330</u>	<u>-</u>	<u>-</u>	<u>4,092,330</u>
INCREASE (DECREASE) IN NET ASSETS	104,506	(21,715)	-	82,791
Net Assets - Beginning of Year	<u>1,482,707</u>	<u>30,905</u>	<u>40,000</u>	<u>1,553,612</u>
NET ASSETS - END OF YEAR	<u>\$ 1,587,213</u>	<u>\$ 9,190</u>	<u>\$ 40,000</u>	<u>\$ 1,636,403</u>

See accompanying Notes to Financial Statements.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Conference Fees	\$ 2,206,655	\$ -	\$ -	\$ 2,206,655
Grants and Contributions	86,400	1,975	-	88,375
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
Publications and Promotional Sales	21,680	-	-	21,680
Investment Income	804	701	-	1,505
Net Assets Released from Restrictions	99,232	(99,232)	-	-
Total Revenue	<u>3,552,547</u>	<u>(96,556)</u>	<u>-</u>	<u>3,455,991</u>
EXPENSES				
Program Services	2,566,391	-	-	2,566,391
General and Administrative	762,026	-	-	762,026
Fundraising	28,673	-	-	28,673
Total Expenses	<u>3,357,090</u>	<u>-</u>	<u>-</u>	<u>3,357,090</u>
INCREASE (DECREASE) IN NET ASSETS	195,457	(96,556)	-	98,901
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><u>\$ 1,482,707</u></u>	<u><u>\$ 30,905</u></u>	<u><u>\$ 40,000</u></u>	<u><u>\$ 1,553,612</u></u>

See accompanying Notes to Financial Statements.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 82,791	\$ 98,901
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	30,885	34,072
Realized and Unrealized Gain on Investments	(1,999)	(701)
Changes in Assets and Liabilities:		
Accounts Receivable	(123,367)	(132,538)
Grants Receivable	(28,832)	40,661
Inventories	13,185	46,333
Prepaid Expenses and Other Assets	2,175	(16,455)
Accounts Payable and Accrued Expenses	77,195	(213,312)
Deferred Revenue	(56,635)	84,886
Net Cash Used by Operating Activities	(4,602)	(58,153)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(673,705)	(669)
Proceeds from Sale of Investments	3,187	-
Proceeds from Redemption of Certificates of Deposit	370,618	-
Purchases of Property and Equipment	(20,495)	(12,000)
Net Cash Used by Investing Activities	(320,395)	(12,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payment of Note Payable	(43,355)	(40,232)
DECREASE IN CASH	(368,352)	(111,054)
Cash - Beginning of Year	653,864	764,918
CASH - END OF YEAR	\$ 285,512	\$ 653,864
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 5,591	\$ 8,714

See accompanying Notes to Financial Statements.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The California Association for Bilingual Education (CABE) is a nonprofit organization incorporated in 1976 to promote bilingual education and quality educational experiences for all students in California. CABE has approximately 4,000 members with state wide chapters and 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 21st Century Success for All."

To support this central vision of biliteracy, educational equity, and 21st century success for all students, CABE will implement priorities, initiatives, and services targeted to teachers, administrators, parents, and others designed to dramatically increase California's capacity to create culturally diverse and competent 21st century learning environments of high intellectual performance for all English Learners and other language 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 itself as successful to the degree that CABE assists its districts, schools, and communities in achieving this 21st century vision of student success for every group of English Learners it serves.

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 21st century citizens. As an organization, CABE supports ongoing research, planning, and learning to guide its social movement for equitable instructional programs and practices. CABE works 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 (4 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.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

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.

CABE has one affiliated non-profit entity operating under CABE's license:

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 affiliated entity has minimal assets and activities during 2016 and 2015.

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, 2016 and 2015.

Financial Statement Presentation

The financial statements of CABE have been prepared in conformity to accounting principles generally accepted 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 directors as a reserve fund.

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, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

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

Certificates of Deposit (CDs)

The CD is fully-insured by the FDIC up to statutory limits. At June 30, 2016, maturity date of the certificate of deposit is February 3, 2017 with an interest rate of 0.2502%

Grants Receivable

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

Inventories

Inventories consist of published books, tapes, CD's and other promotional items held for sale to CAFE 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.

Investments

Investments include assets restricted by donors for endowment. Cash and cash equivalents included in investments are carried at deposit amount and the remaining investments are carried at fair value. Unrealized gains or losses on investments are reflected in the statement of activities.

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. CAFE 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 to 27.5 Years
Building Improvements	5 to 10 Years
Furniture, Fixtures, and Equipment	3 to 10 Years
Software	3 to 5 Years

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016 and 2015.

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.

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.

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 to 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.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit Concentration

Financial instruments that potentially subject CAFE to concentration of credit risk are cash and certificate of deposits. CAFE's cash and certificates of deposit are held by recognized financial institutions. At times amount may exceed FDIC insurance limits.

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

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

CAFE 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.

Accounting principles generally accepted in the United States of America 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 CAFE 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.

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

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation.

Subsequent Events

Subsequent events have been evaluated through November 30, 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.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 INVESTMENTS

CABE's investments consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	\$ 123,380	\$ 4,659
Equity Mutual Funds	15,370	19,509
Debt Mutual Funds	27,243	25,420
Corporate Fixed Income Debt Securities	381,568	-
Government Debt Securities	174,544	-
Total	<u>\$ 722,105</u>	<u>\$ 49,588</u>

Investment income consists of the following for the years ended June 30:

	<u>2016</u>	<u>2015</u>
Interest and Dividends, Net of Fees	\$ 1,795	\$ 804
Realized and Unrealized Gains	1,999	701
Total	<u>\$ 3,794</u>	<u>\$ 1,505</u>

NOTE 3 FAIR VALUES

The following table sets forth by level within the fair value hierarchy of CABE's investments that were accounted for at fair value on a recurring basis as of June 30 2016 and 2015:

	<u>2016</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Equity Mutual Funds	\$ 15,370	\$ -	\$ -	\$ 15,370
Debt Mutual Funds	27,243	-	-	27,243
Corporate Fixed Income Debt Securities	-	381,568	-	381,568
Government Debt Securities	174,544	-	-	174,544
Total	<u>\$ 217,157</u>	<u>\$ 381,568</u>	<u>\$ -</u>	<u>\$ 598,725</u>

	<u>2015</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Equity Mutual Funds	\$ 19,509	\$ -	\$ -	\$ 19,509
Debt Mutual Funds	25,420	-	-	25,420
Total	<u>\$ 44,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,929</u>

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Buildings	\$ 558,725	\$ 558,725
Building Improvements	62,270	48,645
Furniture, Fixtures, and Equipment	315,539	308,669
Software	12,000	12,000
Total Property and Equipment	<u>948,534</u>	<u>928,039</u>
Accumulated Depreciation	(565,436)	(534,551)
Total Property and Equipment, Net	<u>\$ 383,098</u>	<u>\$ 393,488</u>

NOTE 5 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. Future maturities on the note are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 46,774
2018	4,021
Total	<u>\$ 50,795</u>

NOTE 6 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 4% thereafter. An employer's contribution is fully vested after the third year of service, as defined. For the years ended June 30, 2016 and 2015, CABE contributed \$37,942 and \$17,218, respectively, to the retirement plan.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 7 COMMITMENTS AND CONTINGENCIES

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

NOTE 8 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 are composed of the following at June 30:

	2016	2015
Scholarship	\$ -	\$ 19,342
Accumulated Earnings on Endowment	9,190	9,588
Other	-	1,975
Total	\$ 9,190	\$ 30,905

Net assets were released from donor restrictions by the passage of time, incurring expenses satisfying the restricted purposes or by appropriation as follows:

	2016	2015
Releases from Donor Restriction:		
Restricted as to Time	\$ -	\$ 50,000
Scholarship	19,342	32,100
Other	1,975	17,132
Appropriation from Endowment Funds	3,073	-
Total	\$ 24,390	\$ 99,232

NOTE 9 PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2016 and 2015, 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, 2016 AND 2015**

NOTE 10 ENDOWMENT

CABE's endowment consists of a donor restricted fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors 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 endowments are as follows at June 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, July 1, 2014	\$ -	\$ 8,887	\$ 40,000	\$ 48,887
Investment Income	-	701	-	701
Endowment Net Assets, June 30, 2015	-	9,588	40,000	49,588
Investment Income	-	2,675	-	2,675
Appropriation	-	(3,073)	-	(3,073)
Endowment Net Assets, June 30, 2016	<u>\$ -</u>	<u>\$ 9,190</u>	<u>\$ 40,000</u>	<u>\$ 49,190</u>

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program Services								General and Administration	Fundraising	Total
	i3 Grants	Membership	Annual Conference	Para- Educator and Parent Conferences	Professional Development Services	Other Program Services	Public Relations/ Advocacy	Sub-Total Program Services			
Salaries	\$ 300,302	\$ 6,272	\$ 492,618	\$ 17,794	\$ 130,784	\$ 162,605	\$ 21,805	\$ 1,132,180	\$ 341,517	\$ 25,524	\$ 1,499,221
Fringe Benefits	25,653	568	43,717	1,610	7,456	12,926	1,973	93,903	37,027	2,310	133,240
Payroll Taxes	25,019	508	40,370	1,442	10,983	13,968	1,767	94,057	27,671	2,068	123,796
Temporary Help	-	-	6,461	-	-	-	-	6,461	-	-	6,461
Food Catering Services	-	1,319	260,804	109,689	18,429	-	-	390,241	29,493	-	419,734
Travel, Meals, and Lodging	32,632	841	274,404	14,385	21,301	53,238	6,339	403,140	95,931	-	499,071
Professional Fees	-	-	-	-	-	-	-	-	19,200	-	19,200
Facility Rental	-	-	-	7,109	5,657	-	-	12,766	1,172	-	13,938
Office and Activity Supplies	6,875	15,981	45,490	1,698	5,380	10,618	-	86,042	18,692	-	104,734
Equipment Rental and Repair	394	-	197,466	9,010	1,329	39	-	208,238	47,633	-	255,871
Reprographics, Printing, and Copies	2,463	9,734	31,989	10	4,444	9,496	850	58,986	14,924	-	73,910
In-Kind Contribution Expenses	-	-	17,500	-	-	-	-	17,500	-	-	17,500
Telephone	1,713	-	6,755	-	449	1,408	8	10,333	24,978	-	35,311
Speaker Fees and Travel	-	-	23,835	2,247	8,547	-	-	34,629	-	-	34,629
Depreciation	-	-	-	-	-	-	-	-	30,885	-	30,885
Bank fees and Charges	-	44	37,875	183	-	269	-	38,371	3,730	-	42,101
Scholarships	-	700	3,000	-	-	16,850	-	20,550	-	-	20,550
Postage and Mailing	-	1,186	10,875	3,093	190	405	548	16,297	845	-	17,142
Interest Expense	-	-	-	-	-	-	-	-	5,591	-	5,591
Office Building Operating Expenses	1,176	-	2,169	-	236	-	-	3,581	53,427	-	57,008
Costs of Good Sold	-	-	-	26,300	1,108	12,474	-	39,882	100	-	39,982
Insurance, Taxes, and Licenses	-	-	-	-	-	36	-	36	16,332	-	16,368
Awards and Gifts	505	-	2,796	528	405	455	-	4,689	3,367	-	8,056
Dues and Subscriptions	567	738	-	-	-	-	1,200	2,505	506	-	3,011
Conference Music Show	-	-	3,200	-	-	-	-	3,200	-	-	3,200
Consultant Reimbursements	260	-	761	-	4,479	-	-	5,500	6,882	-	12,382
Outsides Services	122,788	4,507	159,060	4,154	138,250	4,866	60,882	494,507	90,587	-	585,094
Seminars and Education	2,060	-	94	-	1,254	40	-	3,448	5,474	-	8,922
Advertising and Promotions	-	-	-	-	-	-	125	125	297	-	422
Indirect Costs	41,168	-	-	-	-	-	-	41,168	(41,168)	-	-
Donations and Contributions	-	-	3,000	-	-	-	500	3,500	1,500	-	5,000
Total Functional Expenses	\$ 563,575	\$ 42,398	\$ 1,664,239	\$ 199,252	\$ 360,681	\$ 299,693	\$ 95,997	\$ 3,225,835	\$ 836,593	\$ 29,902	\$ 4,092,330

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015
(SEE INDEPENDENT AUDITORS' REPORT)**

	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	General and Administration	Fundraising	
Salaries	\$ 327,110	\$ 4,600	\$ 406,349	\$ 13,052	\$ 8,048	\$ 116,550	\$ 15,994	\$ 891,703	\$ 244,477	\$ 24,750	\$ 1,160,930
Fringe Benefits	27,261	283	27,356	803	94	9,260	983	66,040	25,759	1,818	93,617
Payroll Taxes	27,385	393	34,402	1,116	694	10,374	1,367	75,731	20,912	2,105	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	-	235,254
Travel, Meals, and Lodging	37,899	1,125	223,611	11,866	10,439	43,795	19,360	348,095	63,630	-	411,725
Professional Fees	-	-	-	-	-	-	-	-	17,600	-	17,600
Facility Rental	-	-	-	8,572	2,514	-	-	11,086	-	-	11,086
Office and Activity Supplies	6,332	7,389	40,737	723	262	3,177	26	58,646	13,451	-	72,097
Equipment Rental and Repair	-	-	71,130	9,956	582	-	-	81,668	55,319	-	136,987
Reprographics, Printing, and Copies	1,072	9,622	35,472	-	744	884	9	47,803	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	-	25,886
Speaker Fees and Travel	-	-	25,135	1,600	-	-	-	26,735	-	-	26,735
Depreciation	-	-	-	-	-	-	-	-	34,072	-	34,072
Bank fees and Charges	-	-	32,647	-	-	-	-	32,647	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	-	16,749
Interest Expense	-	-	-	-	-	-	-	-	8,714	-	8,714
Office Building Operating Expenses	511	-	9,299	-	-	-	-	9,810	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	-	18,898
Awards and Gifts	819	-	4,700	396	-	3,480	-	9,395	1,923	-	11,318
Dues and Subscriptions	300	1,811	-	-	-	-	1,050	3,161	378	-	3,539
Conference Music Show	-	-	5,500	1,600	-	-	-	7,100	-	-	7,100
Consultant Reimbursements	842	-	-	-	12,047	-	427	13,316	4,870	-	18,186
Outsides Services	144,609	8,204	86,732	2,839	150,342	-	63,750	456,476	212,766	-	669,242
Seminars and Education	408	-	-	-	35	-	682	1,125	640	-	1,765
Advertising and Promotions	-	-	2,594	-	-	-	125	2,719	1,099	-	3,818
Indirect Costs	43,875	-	-	-	-	-	-	43,875	(43,875)	-	-
Donations and Contributions	-	-	-	-	-	-	500	500	2,875	-	3,375
Total Functional Expenses	\$ 621,641	\$ 38,934	\$ 1,193,824	\$ 196,335	\$ 201,392	\$ 209,420	\$ 104,845	\$ 2,566,391	\$ 762,026	\$ 28,673	\$ 3,357,090