

CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2017 AND 2016

**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, 2017 and 2016, 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 CABC as of June 30, 2017 and 2016, 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
October 9, 2017

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016**

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 1,299,530	\$ 285,512
Certificates of Deposit	-	98,957
Accounts Receivable	370,582	363,811
Grants Receivable	39,171	105,476
Investments	335,561	722,105
Inventories	19,073	23,006
Prepaid Expenses and Other Assets	51,031	21,028
Property and Equipment, Net	338,755	383,098
Total Assets	\$ 2,453,703	\$ 2,002,993
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 299,355	\$ 247,146
Deferred Revenue	47,433	68,649
Note Payable	4,074	50,795
Total Liabilities	350,862	366,590
NET ASSETS		
Unrestricted	2,024,903	1,587,213
Temporarily Restricted	37,938	9,190
Permanently Restricted	40,000	40,000
Total Net Assets	2,102,841	1,636,403
Total Liabilities and Net Assets	\$ 2,453,703	\$ 2,002,993

See accompanying Notes to Financial Statements.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Conference Fees	\$ 3,187,710	\$ -	\$ -	\$ 3,187,710
Grants and Contributions	53,879	25,621	-	79,500
Government Grant	579,565	-	-	579,565
Membership Dues	82,226	-	-	82,226
Program Income	958,672	-	-	958,672
In-Kind Contributions	63,935	-	-	63,935
Publications and Promotional Sales	30,433	-	-	30,433
Investment Income	846	3,127	-	3,973
Total Revenue	<u>4,957,266</u>	<u>28,748</u>	<u>-</u>	<u>4,986,014</u>
EXPENSES				
Program Services	3,543,331	-	-	3,543,331
General and Administrative	947,647	-	-	947,647
Fundraising	28,598	-	-	28,598
Total Expenses	<u>4,519,576</u>	<u>-</u>	<u>-</u>	<u>4,519,576</u>
INCREASE IN NET ASSETS	437,690	28,748	-	466,438
Net Assets - Beginning of Year	<u>1,587,213</u>	<u>9,190</u>	<u>40,000</u>	<u>1,636,403</u>
NET ASSETS - END OF YEAR	<u>\$ 2,024,903</u>	<u>\$ 37,938</u>	<u>\$ 40,000</u>	<u>\$ 2,102,841</u>

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	1,119	2,675	-	3,794
Net Assets Released from Restrictions	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><u>\$ 1,587,213</u></u>	<u><u>\$ 9,190</u></u>	<u><u>\$ 40,000</u></u>	<u><u>\$ 1,636,403</u></u>

See accompanying Notes to Financial Statements.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 466,438	\$ 82,791
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	44,343	30,885
Realized and Unrealized Gains (Losses) on Investments	5,847	(1,999)
Changes in Assets and Liabilities:		
Accounts Receivable	(6,771)	(123,367)
Grants Receivable	66,305	(28,832)
Inventories	3,933	13,185
Prepaid Expenses and Other Assets	(30,003)	2,175
Accounts Payable and Accrued Expenses	52,209	77,195
Deferred Revenue	(21,216)	(56,635)
Net Cash Provided (Used) by Operating Activities	581,085	(4,602)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(64,858)	(673,705)
Proceeds from Sale of Investments	445,555	3,187
Proceeds from Redemption of Certificates of Deposit	98,957	370,618
Purchases of Property and Equipment	-	(20,495)
Net Cash Provided (Used) by Investing Activities	479,654	(320,395)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payment of Note Payable	(46,721)	(43,355)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,014,018	(368,352)
Cash and cash equivalents - Beginning of Year	285,512	653,864
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,299,530	\$ 285,512
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 2,225	\$ 5,591

See accompanying Notes to Financial Statements.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

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, 2017 AND 2016**

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 2017 and 2016.

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, 2017 and 2016.

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, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include in checking, and temporary cash investments, and certificate of deposit accounts. 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. CAFE also has cash in the CD account, which matured on February 3, 2017. The CD account is fully-insured by the FDIC up to statutory limits.

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, 2017 AND 2016**

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, 2017 and 2016.

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, 2017 AND 2016**

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, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit Concentration

Financial instruments that potentially subject CABA to concentration of credit risk are cash and certificate of deposits. CABA'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 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.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

CABA 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 CABA 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 October 9, 2017, the date that these financial statements were available to be issued. On July 25, 2017, CABA entered into an escrow to purchase a building costing \$3,825,000.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In September 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 Revenue from Contracts with Customers (Topic 606). This update requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to exchange for those goods or services. The entity should apply the following steps: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the entity's performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 is effective for fiscal years beginning after December 15, 2017. Management will be evaluating the effects of this new standard.

In August 2016, FASB issued ASU 2016-14 Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. This standard was issued to improve the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Management will be evaluating the effects of this new standard.

NOTE 2 INVESTMENTS

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

	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 8,249	\$ 123,380
Equity Mutual Funds	14,751	15,370
Debt Mutual Funds	29,317	27,243
Corporate Fixed Income Debt Securities	283,244	381,568
Government Debt Securities	-	174,544
Total	<u>\$ 335,561</u>	<u>\$ 722,105</u>

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

	<u>2017</u>	<u>2016</u>
Interest and Dividends	\$ 9,820	\$ 1,795
Realized and Unrealized Gains (Losses)	(5,847)	1,999
Total	<u>\$ 3,973</u>	<u>\$ 3,794</u>

CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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 2017 and 2016:

	2017			Total
	Level 1	Level 2	Level 3	
Equity Mutual Funds	\$ 14,751	\$ -	\$ -	\$ 14,751
Debt Mutual Funds	29,317	-	-	29,317
Corporate Fixed Income Debt Securities	-	283,244	-	283,244
Total	<u>\$ 44,068</u>	<u>\$ 283,244</u>	<u>\$ -</u>	<u>\$ 327,312</u>

	2016			Total
	Level 1	Level 2	Level 3	
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>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2017	2016
Buildings	\$ 558,725	\$ 558,725
Building Improvements	62,270	62,270
Furniture, Fixtures, and Equipment	315,539	315,539
Software	12,000	12,000
Total Property and Equipment	<u>948,534</u>	<u>948,534</u>
Accumulated Depreciation	(609,779)	(565,436)
Total Property and Equipment, Net	<u>\$ 338,755</u>	<u>\$ 383,098</u>

NOTE 5 NOTE PAYABLE

CABE has a 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. CABE paid off the loan in July 2017.

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, 2017 and 2016, CABE contributed \$43,441 and \$37,942, respectively, to the retirement plan.

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 7 COMMITMENTS AND CONTINGENCIES

CABE has an employment agreement with an executive employee through June 30, 2021.

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:

	<u>2017</u>	<u>2016</u>
Plaza Comunitaria	\$ 25,621	\$ -
Accumulated Earnings on Endowment	12,317	9,190
Total	<u>\$ 37,938</u>	<u>\$ 9,190</u>

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

	<u>2017</u>	<u>2016</u>
Releases from Donor Restriction:		
Scholarship	\$ -	\$ 19,342
Other	-	1,975
Appropriation from Endowment Funds	-	3,073
Total	<u>\$ -</u>	<u>\$ 24,390</u>

NOTE 9 PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2017 and 2016, permanently restricted net assets consist of the Penichet Trust Endowment fund. The earnings on the fund are restricted for scholarship.

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

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 10 ENDOWMENT (CONTINUED)

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, 2015	\$ -	\$ 9,588	\$ 40,000	\$ 49,588
Investment Income	-	2,675	-	2,675
Appropriation	-	(3,073)	-	(3,073)
Endowment Net Assets, June 30, 2016	-	9,190	40,000	49,190
Investment Income	-	3,127	-	3,127
Endowment Net Assets, June 30, 2017	<u>\$ -</u>	<u>\$ 12,317</u>	<u>\$ 40,000</u>	<u>\$ 52,317</u>

There was no appropriation for releases in the year-end of June 30, 2017.

CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services										Total
	i3 Grant	Membership	Annual Conference	Para- Educators and Parents Conference	Professional Development Services	Other Program Services	Public Relations/ Advocacy	Sub-Total Program Services	General and Administration	Fundraising	
Salaries	\$ 304,803	\$ 5,951	\$ 530,603	\$ 16,885	\$ 202,377	\$ 233,402	\$ 20,691	\$ 1,314,711	\$ 289,459	\$ 24,220	\$ 1,628,390
Fringe benefits	30,613	586	51,202	1,664	19,385	21,254	2,039	126,743	35,330	2,386	164,460
Payroll taxes	25,016	489	43,798	1,389	16,668	19,200	1,702	108,262	23,808	1,992	134,062
Temporary help	-	-	3,853	-	-	-	-	3,853	-	-	3,853
Food catering services	-	4,985	307,993	97,291	27,823	532	-	438,624	28,698	-	467,323
Travel, meals and lodging	40,860	856	80,855	15,661	36,369	77,690	5,525	257,815	149,172	-	406,987
Professional fees	-	-	-	-	-	-	-	-	29,200	-	29,200
Facility rental	-	-	-	7,887	11,179	-	-	19,067	1,150	-	20,217
Office & activity supplies	7,168	18,713	50,336	29	11,524	13,611	238	101,619	14,320	-	115,939
Equipment rental & repair	20	-	161,637	7,993	3,870	-	-	173,520	56,140	-	229,660
Reprographics, printing & copies	5,252	7,070	33,288	70	6,904	12,626	-	65,211	3,769	-	68,979
In-kind contribution expenses	-	-	63,935	-	-	-	-	63,935	-	-	63,935
Telephone	911	-	1,812	-	727	1,052	10	4,512	29,493	-	34,004
Speaker fees and travel	-	-	31,773	2,459	4,000	-	-	38,233	-	-	38,233
Depreciation	-	-	-	-	-	-	-	-	44,343	-	44,343
Bank fees and charges	144	-	40,416	-	36	(38)	-	40,558	6,595	-	47,153
Scholarships	-	4,680	4,000	-	-	11,324	-	20,004	-	-	20,004
Postage and mailing	43	2,271	5,496	2,615	769	1,378	-	12,573	6,851	-	19,424
Interest expense	-	-	-	-	-	-	-	-	2,225	-	2,225
Office building operating expenses	-	-	7,976	-	273	489	-	8,738	51,762	-	60,500
Costs of good sold	-	-	324	11,726	694	13,408	-	26,152	-	-	26,152
Insurance, taxes and licenses	-	-	-	-	478	-	-	478	15,931	-	16,409
Awards and gifts	952	-	7,130	324	1,471	226	-	10,103	5,569	-	15,672
Dues and subscriptions	158	1,206	1,560	-	-	158	1,236	4,317	1,090	-	5,407
Conference music show	-	-	5,500	-	-	-	-	5,500	-	-	5,500
Consultant Reimbursements	1,582	-	856	-	24,174	-	-	26,612	9,839	-	36,451
Outsides services	113,806	4,752	130,737	-	292,959	6,735	69,576	618,565	175,101	-	793,666
Seminars and education	3,589	-	1,226	-	1,389	1,308	-	7,512	8,344	-	15,856
Advertising and promotions	1,750	-	-	-	1,205	-	250	3,205	1,355	-	4,560
Indirect costs	42,900	-	-	-	-	-	-	42,900	(42,900)	-	-
Donations and Contributions	-	-	-	-	-	-	12	12	1,000	-	1,012
	<u>\$ 579,565</u>	<u>\$ 51,560</u>	<u>\$ 1,566,306</u>	<u>\$ 165,993</u>	<u>\$ 664,274</u>	<u>\$ 414,354</u>	<u>\$ 101,278</u>	<u>\$ 3,543,331</u>	<u>\$ 947,647</u>	<u>\$ 28,598</u>	<u>\$ 4,519,576</u>

**CALIFORNIA ASSOCIATION FOR BILINGUAL EDUCATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016
(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	\$ 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