

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2017

M. GREEN AND COMPANY LLP
Certified Public Accountants

FAMILY SERVICES OF TULARE COUNTY
A Non-Profit Corporation

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M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Family Services of Tulare County

Report on Financial Statements

We have audited the accompanying financial statements of Family Services of Tulare County (Family Services), a California non-profit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses 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.

Auditors' 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 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 auditors consider 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.

*Dinuba
Hanford
Lindsay
Tulare
Visalia*

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Services as of June 30, 2017, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information such as the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information such as the Supplemental Schedule of Support and Expenses by Funding Source – Federal Financial Assistance and Supplemental Schedule of Support and Expenses by Funding Source – State and Local Grants are presented for purposes of additional analysis and are also 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 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.

The Statement of Costs Claimed and Accepted on pages 21 through 22 has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017, on our consideration of Family Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Family Service's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Service's internal control over financial reporting and compliance.

M. Green and Company LLP

Visalia, California
December 21, 2017

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 202,008
Grants receivable	1,105,778
Accounts receivable	40,618
Prepaid expenses	<u>6,872</u>

Total current assets \$ 1,355,276

NON-CURRENT ASSETS:

Restricted cash and cash equivalents	21,905
Deposits	10,216
Property and equipment, at cost:	
Land	313,945
Buildings and improvements	1,527,400
Machinery and equipment	26,021
Furniture and fixtures	9,288
Vehicles	39,595
Less: accumulated depreciation	<u>(515,076)</u>

Total non-current assets 1,433,294

Total assets \$ 2,788,570

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Notes payable, current portion	\$ 322,954
Accounts payable	119,713
Accrued liabilities	<u>122,722</u>

Total current liabilities \$ 565,389

NON-CURRENT LIABILITIES:

Notes payable, net of current portion	<u>1,042,721</u>
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Total non-current liabilities 1,042,721

Total liabilities 1,608,110

NET ASSETS:

Unrestricted net assets, undesignated	989,325
Temporarily restricted net assets	<u>191,135</u>

Total net assets 1,180,460

Total liabilities and net assets \$ 2,788,570

The accompanying notes are an integral part of these statements.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT:			
Government grants	\$ 3,885,399	\$ 91,022	\$ 3,976,421
Contributions	227,034	114,117	341,151
Fundraising	239,130	51,586	290,716
Total support	<u>4,351,563</u>	<u>256,725</u>	<u>4,608,288</u>
REVENUE:			
Counseling fees	273,968	-	273,968
Other revenue	44,661	-	44,661
Total revenue	<u>318,629</u>	<u>-</u>	<u>318,629</u>
NON-MONETARY DONATIONS	<u>158,782</u>	<u>-</u>	<u>158,782</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>165,327</u>	<u>(165,327)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>4,994,301</u>	<u>91,398</u>	<u>5,085,699</u>
EXPENSES:			
Program services	4,247,778	-	4,247,778
Support services	533,270	-	533,270
Fundraising expenses	164,719	-	164,719
Total expenses	<u>4,945,767</u>	<u>-</u>	<u>4,945,767</u>
CHANGE IN NET ASSETS	48,534	91,398	139,932
Net assets, beginning of year	<u>940,791</u>	<u>99,737</u>	<u>1,040,528</u>
Net assets, end of year	<u><u>\$ 989,325</u></u>	<u><u>\$ 191,135</u></u>	<u><u>\$ 1,180,460</u></u>

The accompanying notes are an integral part of these statements.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	Program Services	Support Services	Fundraising	Total
Salaries and wages	\$ 2,284,711	\$ 297,610	\$ 36,766	\$ 2,619,087
Payroll taxes	158,499	22,235	2,426	183,160
Insurance	296,111	25,324	11,011	332,446
Retirement	21,275	2,814	144	24,233
Administrative	318,216	73,413	19,099	410,728
Travel and conferences	105,007	8,247	1,483	114,737
Rent	188,347	15,531	1,230	205,108
Utilities and telephone	140,147	12,499	1,885	154,531
Supplies	87,823	38,902	65,632	192,357
Equipment rental	22,546	4,524	5,136	32,206
Food	31	-	-	31
Printing and postage	4,074	617	412	5,103
Dues and memberships	3,189	783	-	3,972
General insurance	28,244	13,255	243	41,742
Advertising	1,717	1,846	700	4,263
Repairs and maintenance	95,362	4,573	14,519	114,454
Educational materials	60,346	2,429	1,275	64,050
Client assistance	323,209	-	-	323,209
Licenses and permits	4,232	-	-	4,232
Employee morale	20	280	-	300
Accounting and auditing	17,600	2,184	-	19,784
Bank charges	-	567	1,315	1,882
Other	51,367	-	-	51,367
Staff training	864	3,550	-	4,414
Total before depreciation	4,212,937	531,183	163,276	4,907,396
Depreciation expense	34,841	2,087	1,443	38,371
Total expenses	<u>\$ 4,247,778</u>	<u>\$ 533,270</u>	<u>\$ 164,719</u>	<u>\$ 4,945,767</u>

The accompanying notes are an integral part of these statements.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 139,932	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,371	
Non-monetary donations	(158,782)	
Non-monetary expenses	155,829	
Changes in operating assets and liabilities:		
Increase in grants receivable	(441,921)	
Decrease in accounts receivable	17,467	
Increase in prepaid expenses	(4,172)	
Increase in deposits	(2,400)	
Increase in accounts payable and accrued liabilities	16,255	
	<hr/>	
Net cash used by operating activities	\$ (239,421)	
Net decrease in cash and cash equivalents		(239,421)
Cash and cash equivalents, beginning of year		<hr/> 463,334
Cash and cash equivalents, end of year		<hr/> <hr/> \$ 223,913
Cash and cash equivalents	\$ 202,008	
Restricted cash and cash equivalents		<hr/> 21,905
Total		<hr/> <hr/> \$ 223,913

SUPPLEMENTAL DISCLOSURES OF
CASH FLOW INFORMATION:

Reduction of loan balances	\$ 2,953
Less annual amounts forgiven on loans	<hr/> (2,953)
Net payments made on loans	<hr/> <hr/> \$ -

The accompanying notes are an integral part of these statements.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – Nature of Activities

Family Services of Tulare County (Family Services) is a non-profit, charitable organization formed in 1983 to operate two emergency shelters and a full range of counseling services for victims of domestic violence.

The Organization's current operations consist of the following programs:

- Emergency shelter, including meals, for battered women and children. On-site case management and counseling is provided to adult residents. Child advocates assess the needs of child residents and provide education in a therapeutic setting.
- Community-wide domestic violence crisis intervention, treatments and prevention components include three 24 hour hotlines, legal assistance with restraining orders, individual and group counseling for children and teens impacted by domestic violence and victim support groups.
- Crisis intervention, prevention and treatment for sexual assault (molest, rape) victims. Includes 24 hour hospital support, court accompaniment and counseling.
- Domestic violence and sexual assault community awareness and prevention programs with emphasis on teens and young adult audiences.
- Batterers' treatment program for perpetrators of domestic violence.
- Anger management classes for abusing parents and individuals with impulse control issues.
- Training on domestic violence and sexual assault dynamics, issues and resources to impacted professionals such as health care providers, law enforcement, educators and child welfare workers.
- Parenting skills classes.
- Individual, couples and family therapy with special emphasis on high conflict divorce and abuse and neglect.
- Specialized individual and group counseling for the developmentally disabled including conflict management and socialization and intimacy training.
- Supervised visitation and exchange for children at potential risk from a non-custodial parent.
- Financial assistance with emergency needs and individual and group counseling to individuals with HIV/AIDS and their families.
- Fundraising efforts in support of the above families.
- Legal assistance to survivors of domestic violence, sexual assault and stalking.
- Administrative and fiscal management in support of the above programs.

Family Services conducts its affairs under the management of an elected Board of Directors, a salaried executive director, various paid staff and unpaid volunteers. Family Services is supported primarily through government grants.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Codification for "Financial Statements of Not-for-Profit Organizations". Under these standards, Family Services is required to report information regarding its financial position and activities into three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by Family Services is subject to donor-imposed restrictions that can be fulfilled by actions of Family Services pursuant to those restrictions or that expire by the passage of time. Contributions whose restrictions are met in the same year are reported as unrestricted contributions.

Permanently Restricted - Net assets subject to donor-imposed restrictions that may be maintained permanently by Family Services. No permanently restricted assets were held as of June 30, 2017, and accordingly, these financial statements do not reflect any activity related to this class of net assets for the year ended June 30, 2017.

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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the Statement of Cash Flows, Family Services considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash and cash equivalents. The carrying amounts reported in the statements of financial position approximate fair value because of the short-term maturities of those instruments.

Restricted Assets

Certain donor-restricted cash and cash equivalents that are designated for long-term purposes are reflected as restricted assets. Family Services has received donor-restricted contributions for specific program activities.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – Summary of Significant Accounting Policies (continued)

Accounts Receivable

Counseling fees are charged to patients on a sliding scale based on the patient's income and number of dependents. Most fees are paid at the time of service, however, prior arrangements for payments, third party reimbursements and other exceptions do occur. It is the policy of Family Services that a patient should not be seen if they are two payments behind. Any account which has not been paid within 90 days is written off as uncollectible. A list is kept of all accounts which have been written off. If a patient returns for counseling, all prior unpaid balances must be brought up to date before an appointment will be made.

Property and Equipment

Property and equipment that are purchased are shown at cost. Donations of property and equipment are recorded as support at their estimated fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the asset for a specific purpose. Generally all property and equipment with an acquisition cost of \$5,000 or more is capitalized, unless otherwise required by grantor agencies.

Depreciation is computed using the straight-line method over the estimated useful lives of the various assets.

Compensated Absences

Employees of Family Services are entitled to paid vacation and paid sick days, depending on job classification, length of service and other factors. The amount of compensation for future absences cannot be reasonably estimated, and accordingly, no liability has been recorded in the accompanying financial statements. Family Services' policy is to recognize the costs of compensated absences when actually paid to employees.

Revenue Recognition

Support received is recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any restrictions.

All restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Furthermore, it is the policy of Family Services to show restricted support whose restrictions are met in the same reporting period as unrestricted support.

Functional Allocation of Expenses

The costs of providing Family Services' programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program services, support services and fundraising services benefited.

Advertising

Family Services expenses advertising costs as the advertising expense is incurred.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 – Income Taxes

Family Services is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for income taxes.

NOTE 4 – Concentration of Credit Risk

Family Services' maintains cash and cash equivalents with one bank located in California. Federally insured limits are \$250,000 for this account. Cash deposits in excess of federally insured limits at June 30, 2017, were \$44,274. Family Services has not experienced any losses relating to such investments.

NOTE 5 – Grants Receivable

Grants receivable consists of funds expended for qualifying expenditures for which reimbursement has been committed by various funding agencies. Grants receivable as of June 30, 2017, consisted of the following:

Housing and Urban Development	\$ 31,367
California Office of Emergency Services	397,355
Tulare County Health & Human Services Agency	151,462
First 5 of Tulare County	66,856
Tulare County Sheriff's Department	37,813
City of Tulare	86,025
City of Visalia	8,515
California Department of Public Health	41,150
Superior Court of Tulare County	29,563
Fresno Economic Opportunities Commission	7,502
Cutler-Orosi Unified School District	12,895
Violence Against Women Office	85,675
Willits Trust	123,670
Miscellaneous	<u>25,930</u>
Total	<u><u>\$ 1,105,778</u></u>

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 – Line of Credit

On January 27, 2015, Family Services renewed a \$250,000 secured line of credit with Valley Business Bank to be drawn down as needed. The \$250,000 line of credit was available July through October, while \$115,000 was available during the remaining term. The annual percentage rate on the outstanding balance was based on the Valley Business Bank base rate plus two percent which cannot be lower than 5.5 percent. This line of credit matured on February 1, 2017, and was renewed for \$250,000 with the same interest rate for another year, maturing February 1, 2018. The interest rate at June 30, 2017, was 5.75 percent per annum. The credit line is collateralized by a Deed of Trust on the Tulare shelter facility and all accounts, inventory, equipment and general intangibles. There was no outstanding balance at June 30, 2017.

NOTE 7 – Notes Payable

The following is a summary of Family Services' notes payable at June 30, 2017:

EHAPCD loan, dated in 2007, from the State of California for the development of the Tulare shelter. The loan term is ten years and shall bear interest at three percent. Repayment of the loan is deferred as long as the development is used as an emergency shelter, a transitional housing facility or a safe haven. At the completion of the initial loan term, the loan shall be forgiven. The note is collateralized by real property in Tulare, California.

\$ 320,000

EHAPCD loan, dated in 2010, from the State of California for the development of the Tulare Transitional Housing Facility. The loan term is ten years and shall bear interest at three percent. Repayment of the loan is deferred as long as the development is used as an emergency shelter, a transitional housing facility or a safe haven. At the completion of the initial loan term, the loan shall be forgiven. The note is collateralized by real property in Tulare, California.

590,000

EHAPCD loan, dated in 2013, from the State of California for the development of the FSTC Transitional Housing. The loan term is ten years and shall bear interest at three percent. Repayment of the loan is deferred as long as the development is used as an emergency shelter, a transitional housing facility or a safe haven. At the completion of the initial loan term, the loan shall be forgiven. The note is collateralized by real property in Visalia, California.

310,950

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 7 – Notes Payable (continued)

Note payable to the City of Visalia, formerly known as the Redevelopment Agency of the City of Visalia, dated December 2012, for the purchase of land. The loan term is 53 years with no interest. Repayment of the loan is deferred as long as the development is used to provide for the continued availability of the property to low-income persons or families. Annually, \$482 of the loan shall be forgiven until the loan is forgiven in full. The note is collateralized by real property in Visalia, California.

23,622

Note payable to the City of Visalia, formerly known as the Redevelopment Agency of the City of Visalia, dated December 2012, for the purchase of land. The loan term is 53 years with no interest. Repayment of the loan is deferred as long as the development is used to provide for the continued availability of the property to low-income persons or families. Annually, \$2,289 of the loan shall be forgiven until the loan is forgiven in full. The note is collateralized by real property in Visalia, California.

112,138

Note payable to the City of Visalia, formerly known as the Redevelopment Agency of the City of Visalia, dated December 2012, for the purchase of land. The loan term is 53 years with no interest. Repayment of the loan is deferred as long as the development is used to provide for the continued availability of the property to low-income persons or families. Annually, \$183 of the loan shall be forgiven until the loan is forgiven in full. The note is collateralized by real property in Visalia, California.

8,965

Total notes payable	1,365,675
Less current portion	<u>(322,954)</u>

Long-term portion	<u><u>\$ 1,042,721</u></u>
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Annual required principal payments on these notes are as follows:

2018	\$	322,954
2019		2,954
2020		2,954
2021		2,954
2022		2,954
Thereafter		<u>1,030,905</u>
Total	\$	<u><u>1,365,675</u></u>

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of those funds received from various supporting agencies for which such funds were restricted or designated by the supporting agency for specific purposes. Temporarily restricted net assets were \$191,135, as of June 30, 2017.

NOTE 9 – Non-Monetary Donations

Non-monetary donations are valued at fair value at the time of donation. Donated services are of a professional nature and are provided by volunteers that serve in various programs of Family Services. The non-monetary donations for the year ended June 30, 2017, were \$158,782, of which \$155,829 and \$2,953 were for donated services and for annual amounts forgiven on loans, respectively.

NOTE 10 – Lease Commitments

Operating Leases

The lease for property located on West Murray in Visalia, California requires monthly rent payments of \$1,670. This lease expires March 31, 2020. Monthly rent payments increase to \$1,750 on April 1, 2019. Included in the lease agreement is an option to extend the lease at the expiration date for an additional three year term.

The lease for property located on West Myrtle Court in Visalia, California requires monthly rent payments of \$2,660 through June 30, 2018, subject to an increase/decrease annually January 1 of each year, when Section 8 Fair Market Rents are adjusted. Included in the lease is an option to extend the expiration date for an additional three year term. Management plans to renew lease upon expiration.

The lease for property located on West Oak in Visalia, California required monthly rent payments of \$3,145. This lease agreement expired December 31, 2016. Management requested to renew this lease upon expiration and is currently paying rent on a month to month basis.

The lease for property located on North Johnson in Visalia, California requires monthly rent payments of \$1,490. This lease expires July 31, 2018. Monthly rent expense is subject to a \$30 increase each July 15th.

The lease for property located on West Oak in Visalia, California required monthly rent payments for a three year term starting January 1, 2013. This lease was renewed effective January 1, 2016 for a period of two years. The renewal requires monthly rent payments of \$1,085, subject to a \$25 increase commencing January 1, 2017, and each year thereafter throughout the term of the lease.

The lease for property located on Third Street in Porterville, California required monthly rent payments of \$795 for a two year term commencing April 14, 2015, upon expiration management was paying rent on a month to month basis until this lease was renewed effective September 1, 2017 for a period of two years. The renewal requires monthly rent payments of \$843.

The lease for property located on West Center Street in Visalia, California required annual rent payments of \$1,404 for a two year term starting July 1, 2014, upon expiration management was paying rent on a month to month basis until this lease was renewed July 1, 2017 with annual payments of \$1,404 for a one year term expiring June 30, 2018. Management plans to renew lease upon expiration.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – Lease Commitments (continued)

Operating Leases (continued)

The lease for property located on Stevenson Street in Visalia, California required monthly rent payments of \$875 for a three year term commencing July 1, 2015. Monthly rent expense is subject to a \$25 increase commencing July 1, 2016, and each year thereafter throughout the term of the lease. Management plans to renew lease upon expiration.

The lease for property located on West Main Street in Visalia, California requires monthly payments of \$2,700 for a three year term commencing June 1, 2016. Monthly rent expense is subject to a \$100 increase on June 1, 2017, and additional \$200 increase on June 1, 2018.

The lease on property located on North Church Street in Visalia, California requires monthly payments of \$1,200 for a three year term commencing January 1, 2017.

The lease for a copier with CIT Technology requires monthly payments of \$361 for a 60 month term commencing March 21, 2013. The lease agreement contains no purchase option.

The lease for copiers with U.S. Bank Equipment Finance requires monthly payments of \$1,113 for a 60 month term commencing July 18, 2014. The lease agreement contains no purchase option.

The lease for a copier with U.S. Bank Equipment Finance requires annual payments of \$2,241 for a 36 month term commencing August 14, 2015. The lease agreement contains no purchase option.

The lease for a copier with U.S. Bank Equipment Finance requires monthly payments of \$156 for a 36 month term commencing March 30, 2017. The lease agreement contains no purchase option.

Rent expense during the year ended June 30, 2017, was \$202,112.

As of June 30, 2017, the future minimum operating lease payments under these non-cancelable leases, are as follows:

2018	\$ 177,855
2019	105,948
2020	<u>26,041</u>
Total	<u>\$ 309,844</u>

Family Services will receive no sublease revenue nor pay any contingent rental associated with these leases.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 – California Office of Emergency Services

During the year, Family Services had three grants from the California Office of Emergency Services (Cal OES). Each grant contained a cash portion and may have required additional local matching by Family Services. The revenue and expenses presented in the Supplemental Schedules of Support and Expenses by Funding Source under the Cal OES columns reflect only those items of income and expense attributable to the cash portion of the grants. Amounts attributable to the local matching requirements, are detailed below:

	Domestic Violence	Rape Crisis	Child Abuse Treatment Program	Traditional Housing XH
<u>Personal Services:</u>				
Unrestricted fund:				
Other sources	\$ 5,562	\$ -	\$ 78,480	\$ 10,004
In-kind volunteers	-	92,968	-	-
State of California:				
Shelter relief staff	14,755	-	-	-
Totals	<u>\$ 20,317</u>	<u>\$ 92,968</u>	<u>\$ 78,480</u>	<u>\$ 10,004</u>

NOTE 12 – Retirement Plan

Employees of Family Services are covered under a 403(b) Retirement Plan. All employees are eligible to participate in this tax-sheltered annuity and are allowed to make elective deferrals as of the first day of employment. For employees working a minimum of 30 hours per week, following the first two months of employment, Family Services contributes a dollar for every employee's dollar contribution with a maximum of \$50 per month. All employees are allowed access to the plan after reaching the age of 59 ½. The total contribution for the year ended June 30, 2017, was \$24,233.

NOTE 13 – Fair Value

Accounting principles generally accepted in the United States of America require disclosure of an estimate of fair value of certain financial instruments. Family Services' significant financial instruments are cash and cash equivalents, grants receivable and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

NOTE 14 – Subsequent Events

Management has evaluated subsequent events through December 21, 2017, the date on which the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements. However, subsequent events have occurred.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 14 – Subsequent Events (continued)

Building Leases

On July 17, 2017, Family Services entered into a lease agreement for a new administration building. The lease requires monthly lease payments of \$3,213 beginning September 15, 2017 and a rental deposit of \$3,616. Monthly lease payments are subject to a 3% increase each September 15th. The lease expires September 14, 2022.

Phone System

On September 1, 2017, Family Services entered into an agreement for a new phone system. The agreement calls for an initial payment in the amount of \$18,618 followed by monthly payments of \$1,686 for 36 months.

Vehicle Purchase

On December 18, 2017, Family Services purchased a vehicle in the amount of \$25,000, of which a \$20,000 donation was used to fund part of the purchase.

OTHER SUPPLEMENTARY INFORMATION

**FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
SUPPLEMENTAL SCHEDULE OF SUPPORT AND EXPENSES
BY FUNDING SOURCE – FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	California Office of Emergency Services	Department of Justice	Violence Against Women Office	Federal Emergency Management Agency	California Department of Public Health	Department of Housing and Urban Development	Tulare County Health and Human Services Agency	Tulare County Sheriff's Department	Superior Court of Tulare County	Fresno Economic Opportunities Commission	City of Tulare	City of Porterville	City of Visalia	Total
Support:														
Government grants	\$ 975,797	\$ 52,882	\$ 137,925	\$ 19,661	\$ 134,326	\$ 133,438	\$ 209,114	\$ 20,239	\$ 99,225	\$ 68,337	\$ 186,156	\$ 16,922	\$ 25,575	\$ 2,079,597
Contributions	-	-	-	-	-	-	-	4,788	-	-	-	-	-	4,788
Counseling fees	-	-	-	-	-	-	-	-	-	-	16,773	-	-	16,773
Total support	975,797	52,882	137,925	19,661	134,326	133,438	209,114	25,027	99,225	68,337	202,929	16,922	25,575	2,101,158
Expenses:														
Salaries and wages	591,287	29,450	81,402	4,599	62,226	21,900	48,564	18,791	64,511	36,429	20,892	9,469	16,712	1,006,232
Payroll taxes	44,528	2,189	6,165	311	4,076	1,632	3,506	1,372	4,853	2,764	1,585	660	1,354	74,995
Insurance	76,733	1,206	8,726	923	8,268	3,615	5,991	2,974	7,664	4,236	1,497	532	1,038	123,403
Retirement	6,026	203	1,009	69	656	84	313	353	546	375	84	11	65	9,794
Administrative	16,079	273	7,924	3,817	94	51	-	849	1,638	1,400	49	23	43	32,240
Travel and conferences	15,922	7,563	4,486	166	14,788	1,156	1,568	379	3,198	2,481	2,281	2,727	311	57,026
Rent	41,908	2,978	8,446	-	5,786	54,585	4,120	-	7,283	4,463	1,466	1,043	1,647	133,725
Utilities and telephone	51,528	1,164	4,810	1,335	3,521	7,256	2,195	280	5,127	2,485	1,142	697	1,228	82,768
Supplies	22,922	1,972	3,009	1,204	846	219	3,031	-	1,266	3,235	205	161	162	38,232
Equipment rental	4,329	429	842	-	765	275	512	-	563	461	213	135	237	8,761
Printing postage	1,374	66	153	9	91	34	83	-	101	69	27	15	26	2,048
Dues and memberships	250	-	419	100	750	-	-	-	-	-	-	-	-	1,519
General insurance	4,781	159	4,163	56	650	285	827	-	751	422	293	130	283	12,800
Advertising	1,566	-	-	-	55	-	-	-	-	-	-	-	-	1,621
Repairs and maintenance	27,962	531	1,634	1,671	1,340	421	864	-	670	984	23,109	104	311	59,601
Educational materials	2,463	-	1,001	-	-	158	24	29	-	-	-	-	-	3,675
Client assistance	61,415	4,699	3,684	621	29,705	41,767	100,530	-	560	7,961	153,850	1,147	2,000	407,939
Licenses and permits	2,732	-	-	-	-	-	-	-	-	-	-	-	-	2,732
Accounting and auditing	1,830	-	-	-	370	-	1,000	-	481	570	133	68	158	4,610
Staff training	-	-	50	-	339	-	-	-	-	-	-	-	-	389
Total expenses	975,635	52,882	137,923	14,881	134,326	133,438	173,128	25,027	99,212	68,335	206,826	16,922	25,575	2,064,110
Excess revenue (expense)	\$ 162	\$ -	\$ 2	\$ 4,780	\$ -	\$ -	\$ 35,986	\$ -	\$ 13	\$ 2	\$ (3,897)	\$ -	\$ -	\$ 37,048

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
SUPPLEMENTAL SCHEDULE OF SUPPORT AND EXPENSES
BY FUNDING SOURCE – STATE AND LOCAL GRANTS
FOR THE YEAR ENDED JUNE 30, 2017

	California Office of Emergency Services	Tulare County Health and Human Services Agency	Tulare County Sheriff's Department	Tulare County Clerk/ Recorder	City of Visalia	First 5 of Tulare County	Cutler-Orosi Unified School District	Total
Support:								
Government grants	\$ 191,503	\$ 1,073,386	\$ 219,107	\$ 49,298	\$ 20,998	\$ 277,052	\$ 65,480	\$ 1,896,824
Contributions	-	2,741	-	-	-	-	-	2,741
Fundraising	-	-	-	-	-	1,777	-	1,777
Counseling fees	-	116,611	-	-	-	-	-	116,611
Total support	191,503	1,192,738	219,107	49,298	20,998	278,829	65,480	2,017,953
Expenses:								
Salaries and wages	96,731	587,087	138,629	9,223	9,625	181,630	35,436	1,058,361
Payroll taxes	7,208	44,111	10,331	690	141	13,506	2,690	78,677
Insurance	18,102	81,527	21,161	1,261	344	29,283	3,112	154,790
Retirement	1,789	4,772	1,871	111	56	1,714	183	10,496
Administrative	3,557	256,943	4,132	4,070	281	3,097	1,960	274,040
Travel and conferences	2,038	29,685	10,839	-	3	1,885	2,634	47,084
Rent	826	28,567	2,250	2,416	1,072	6,494	301	41,926
Utilities and telephone	23	23,835	1,946	16,342	498	2,972	575	46,191
Supplies	3,113	21,247	964	852	63	10,136	990	37,365
Equipment rental	3,334	7,100	212	388	2,926	689	54	14,703
Printing postage	-	1,125	214	60	586	337	66	2,388
General insurance	3,693	6,734	1,238	336	79	2,127	359	14,566
Repairs and maintenance	5,588	13,149	2,438	5,241	197	741	39	27,393
Educational materials	-	48,952	-	-	91	1,526	1,582	52,151
Client assistance	42,166	69,427	18,258	4,698	1,626	20,777	4,809	161,761
Licenses and permits	1,500	-	-	-	-	-	-	1,500
Accounting and auditing	1,835	4,265	3,010	-	-	1,905	834	11,849
Staff training	-	251	-	-	-	-	-	251
Total expenses	191,503	1,228,777	217,493	45,688	17,588	278,819	55,624	2,035,492
Excess revenue (expense)	\$ -	\$ (36,039)	\$ 1,614	\$ 3,610	\$ 3,410	\$ 10	\$ 9,856	\$ (17,539)

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development (HUD):</u>			
Passed Through the State of California Department of Public Health: Housing Opportunities for Persons with AIDS	14.241	2329	\$ 49,146
Passed Through the Office of Community Planning and Development: Continuum of Care Program	14.267	**	133,438
Passed Through the City of Porterville: Shelter Plus Care	14.238	**	16,922
Passed Through the City of Visalia: Shelter Plus Care	14.238	**	25,575
Passed Through the City of Tulare: Shelter Plus Care	14.238	**	186,156
Total CFDA 14.238			228,653
Total U.S. Department of Housing and Urban Development (HUD)			411,237
<u>U.S. Department of Justice:</u>			
Services for Trafficking Victims	16.320	N/A	52,882
Passed Through Office of Violence Against Women: Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528	**	56,252
Legal Assistance for Victims	16.524	**	81,673
Total Passed Through Office of Violence Against Women			137,925
Passed Through California Office of Emergency Services: Crime Victims Assistance	16.575	18200	841,783
Passed Through the Fresno Economic Opportunities Commission: Crime Victims Assistance	16.575	**	58,337
Total CFDA 16.575			900,120
Passed Through the Office of Tulare County Sheriff: Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.588	18451	25,027
Total U.S. Department of Justice			1,115,954
<u>U.S. Department of Health and Human Services:</u>			
Passed Through the State of California Department of Public Health: Injury Prevention and Control Research and State and Community Based Programs	93.136	09-11593	85,180
Passed Through the County of Tulare HHSA: HIV Care Formula Grants	93.917	4607	128,027
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4730	59,024
Total Passed Through County of Tulare HHSA			187,051
Passed Through the County of Tulare Superior Court: Grants to States for Access and Visitation Programs	93.597	**	99,212
Passed Through the California Office of Emergency Services: Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	93.671	18234	134,014
Passed Through the Fresno Economic Opportunities Commission: Services to Victims of a Severe Form of Trafficking	93.598	**	9,998
Total U.S. Department of Health and Human Services			515,455
<u>U.S. Department of Homeland Security:</u>			
Passed Through the Federal Emergency Management Agency: Emergency Food and Shelter National Board Program	97.024	**	14,881
Total U.S. Department of Homeland Security			14,881
Total Expenditures of Federal Awards			\$ 2,057,527

** Indicates that the PCA number was not available.
The accompanying notes are an integral part of this statement.

**FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017**

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Family Services and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

NOTE 2 – De Minimis Cost Rate

The Organization did not elect to use the 10% de minimis cost rate.

NOTE 3 – Subrecipients

Of the federal expenditures presented in the Schedule, Family Services had no subrecipients that were provided federal awards.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
STATEMENT OF COSTS CLAIMED AND ACCEPTED
FOR THE YEAR ENDED JUNE 30, 2017

	Costs Claimed 2017	Costs Accepted		
		Actual	Matching	Total
Child Abuse Treatment (CHAT)				
Grant Number AT14111248, Grant Period (4/1/16 - 3/1/18)				
Current Period Revenue \$224,162				
Personal Services	\$ 243,599	\$ 165,119	\$ 78,480	\$ 243,599
Operating Services	59,043	59,043	-	59,043
Equipment	-	-	-	-
Totals	<u>\$ 302,642</u>	<u>\$ 224,162</u>	<u>\$ 78,480</u>	<u>\$ 302,642</u>
Domestic Violence (DV)				
Grant Number DV16301248, Grant Period (7/1/16 - 6/30/17)				
Current Period Revenue \$448,213				
Personal Services	\$ 378,120	\$ 363,484	\$ 14,636	\$ 378,120
Operating Services	90,410	84,729	5,681	90,410
Equipment	-	-	-	-
Totals	<u>\$ 468,530</u>	<u>\$ 448,213</u>	<u>\$ 20,317</u>	<u>\$ 468,530</u>
Rape Crisis (RC)				
Grant Number RC14231248, Grant Period (9/1/15 - 8/31/16)				
Current Period Revenue \$72,345				
Personal Services	\$ 47,616	\$ 47,616	\$ -	\$ 47,616
Operating Services	24,729	24,729	-	24,729
Equipment	-	-	-	-
Totals	<u>\$ 72,345</u>	<u>\$ 72,345</u>	<u>\$ -</u>	<u>\$ 72,345</u>
Rape Crisis (RC)				
Grant Number RC15241248, Grant Period (9/1/16 - 9/30/17)				
Current Period Revenue \$262,419				
Personal Services	\$ 287,207	\$ 194,239	\$ 92,968	\$ 287,207
Operating Services	68,180	68,180	-	68,180
Equipment	-	-	-	-
Totals	<u>\$ 355,387</u>	<u>\$ 262,419</u>	<u>\$ 92,968</u>	<u>\$ 355,387</u>

(Continued)

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
STATEMENT OF COSTS CLAIMED AND ACCEPTED
FOR THE YEAR ENDED JUNE 30, 2017

	Costs Claimed 2017	Costs Accepted		
		Actual	Matching	Total
Victim Services				
Grant Number XC16011248, Grant Period (7/1/16 - 6/30/18)				
Current Period Revenue \$9,648				
Personal Services	\$ 4,622	\$ 4,622	-	\$ 4,622
Operating Services	5,026	5,026	-	5,026
Equipment	-	-	-	-
Totals	<u>\$ 9,648</u>	<u>\$ 9,648</u>	<u>\$ -</u>	<u>\$ 9,648</u>
Transitional Housing				
Grant Number XH16011248, Grant Period (7/1/16 - 6/30/18)				
Current Period Revenue \$181,139				
Personal Services	\$ 95,257	\$ 95,257	-	\$ 95,257
Operating Services	95,887	85,883	10,004	95,887
Equipment	-	-	-	-
Totals	<u>\$ 191,144</u>	<u>\$ 181,140</u>	<u>\$ 10,004</u>	<u>\$ 191,144</u>

OTHER INDEPENDENT AUDITORS' REPORTS



M. Green and Company LLP

CERTIFIED PUBLIC ACCOUNTANTS

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LARRY W. AYERS, C.P.A.

MARLA D. BORGES, C.P.A.

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ROSALIND WONG, C.P.A.

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

INDEPENDENT AUDITORS' REPORT

Board of Directors
Family Services of Tulare County

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 Family Services of Tulare County (Family Services), a California non-profit corporation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 21, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Services' 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 Family Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Family Services' 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.

*Dinuba
Hanford
Lindsay
Tulare
Visalia*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Services' 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*.

We noted certain matters that we reported to management of Family Services in a separate letter dated December 21, 2017.

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 Family Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Visalia, California
December 21, 2017

M. Green and Company LLP



M. Green and Company LLP

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*Dinuba
Hanford
Lindsay
Tulare
Visalia*

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

Board of Directors
Family Services of Tulare County

Report on Compliance for Each Major Federal Program

We have audited Family Services of Tulare County's (Family Services) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Family Services' major federal program for the year ended June 30, 2017. Family Services' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Family Services' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about Family Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Family Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Family Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Family Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Family Services' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Family Services' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

M. Green and Company CP

Visalia, California
December 21, 2017

FINDINGS AND QUESTIONED COSTS

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None reported

Non-compliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that
are not considered to be material weaknesses? Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR Section 200.516(a) of Uniform Guidance? Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.575	Crime Victims Assistance

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes No

**FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

NONE

Section III – Federal Findings

NONE

**FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Explanation if not Implemented</u>
There were no prior year findings.		