

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2019

M. GREEN AND COMPANY LLP
Certified Public Accountants

FAMILY SERVICES OF TULARE COUNTY
A Non-Profit Corporation

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
OTHER SUPPLEMENTARY INFORMATION:	
Supplemental Schedule of Support and Expenses by Funding Source – Federal Financial Assistance	19
Supplemental Schedule of Support and Expenses by Funding Source – State and Local Grants	20
Schedule of Expenditures of Federal Awards	21
Notes to Schedule of Expenditures of Federal Awards	22
Statement of Costs Claimed and Accepted	23
OTHER INDEPENDENT AUDITORS' REPORTS:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	26
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	28
FINDINGS AND QUESTIONED COSTS SECTION:	
Schedule of Findings and Questioned Costs	30
Corrective Action Plan	32
Schedule of Prior Year Audit Findings	33



M. Green and Company LLP

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**Hanford
Lindsay
Tulare
Visalia**

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, 2019, 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.

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, 2019, 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.

Emphasis of Matter

As described in Note 2 to the financial statements, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

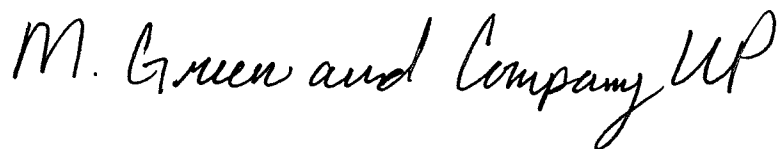
Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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*, 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 the Supplemental Schedule of Support and Expenses by Funding Source – State and Local Grants 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 was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 23 through 25 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 31, 2019, on our consideration of Family Services' 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 Services' 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 Services' internal control over financial reporting and compliance.



Visalia, California
December 31, 2019

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 520,594	
Grants receivable	715,248	
Accounts receivable	60,210	
Total current assets		\$ 1,296,052

NON-CURRENT ASSETS:

Deposits	14,466	
Property and equipment, at cost:		
Land	313,945	
Buildings and improvements	1,554,855	
Machinery and equipment	41,116	
Furniture and fixtures	9,288	
Vehicles	127,248	
Less: accumulated depreciation	(628,562)	
Total non-current assets		1,432,356
Total assets		\$ 2,728,408

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Notes payable, current portion	\$ 592,954	
Accounts payable	99,726	
Accrued liabilities	142,155	
Deferred revenue	20,154	
Total current liabilities		\$ 854,989

NON-CURRENT LIABILITIES:

Notes payable, net of current portion	446,815	
Total non-current liabilities		446,815
Total liabilities		1,301,804

NET ASSETS:

Without donor restrictions, undesignated	1,342,732	
With donor restrictions	83,872	
Total net assets		1,426,604
Total liabilities and net assets		\$ 2,728,408

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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT:</u>			
Government grants	\$ 5,285,021	\$ 96,365	\$ 5,381,386
Contributions	28,155	86,293	114,448
Fundraising	291,311	58,217	349,528
Total support	<u>5,604,487</u>	<u>240,875</u>	<u>5,845,362</u>
<u>REVENUE:</u>			
Counseling fees	416,140	-	416,140
Other revenue	84,689	-	84,689
Total revenue	<u>500,829</u>	<u>-</u>	<u>500,829</u>
NON-MONETARY DONATIONS	<u>163,080</u>	<u>-</u>	<u>163,080</u>
<u>NET ASSETS RELEASED FROM RESTRICTIONS</u>	<u>344,980</u>	<u>(344,980)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>6,613,376</u>	<u>(104,105)</u>	<u>6,509,271</u>
<u>EXPENSES:</u>			
Program services	5,692,319	-	5,692,319
Support services	762,715	-	762,715
Fundraising	181,691	-	181,691
Total expenses	<u>6,636,725</u>	<u>-</u>	<u>6,636,725</u>
<u>CHANGE IN NET ASSETS</u>	<u>(23,349)</u>	<u>(104,105)</u>	<u>(127,454)</u>
Net assets, beginning of year	<u>1,366,081</u>	<u>187,977</u>	<u>1,554,058</u>
Net assets, end of year	<u>\$ 1,342,732</u>	<u>\$ 83,872</u>	<u>\$ 1,426,604</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, 2019

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 2,881,768	\$ 423,826	\$ 64,297	\$ 3,369,891
Payroll taxes	201,672	33,342	4,885	239,899
Insurance	405,770	41,844	3,110	450,724
Retirement	25,392	4,866	494	30,752
Administrative	633,328	30,233	22,863	686,424
Travel and conferences	155,526	34,494	2,210	192,230
Rent	247,178	44,592	5,046	296,816
Utilities and telephone	169,176	24,956	499	194,631
Supplies	118,291	62,583	64,499	245,373
Equipment rental	14,416	5,360	556	20,332
Printing and postage	3,599	1,476	55	5,130
Dues and memberships	2,980	3,867	40	6,887
General insurance	36,496	13,099	314	49,909
Advertising	1,817	6,668	255	8,740
Repairs and maintenance	92,913	11,708	8,446	113,067
Educational materials	98,580	502	-	99,082
Client assistance	451,843	-	-	451,843
Licenses and permits	46,071	6,048	1,944	54,063
Accounting and auditing	22,600	2,159	-	24,759
Bank charges	9	6,368	-	6,377
Staff training	250	-	-	250
Other	14,855	50	-	14,905
	<u>5,624,530</u>	<u>758,041</u>	<u>179,513</u>	<u>6,562,084</u>
Total before depreciation				
Depreciation expense	<u>67,789</u>	<u>4,674</u>	<u>2,178</u>	<u>74,641</u>
Total expenses	<u>\$ 5,692,319</u>	<u>\$ 762,715</u>	<u>\$ 181,691</u>	<u>\$ 6,636,725</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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (127,454)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	74,641
Non-monetary donations	(163,080)
Non-monetary expenses	160,126
Changes in operating assets and liabilities:	
Increase in grants receivable	(46,428)
Increase in accounts receivable	(19,530)
Decrease in prepaid expenses	926
Increase in deposits	(2,600)
Increase in deferred revenue	20,154
Decrease in accounts payable and accrued liabilities	<u>(28,712)</u>
Net cash used by operating activities	<u>(131,957)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	<u>(29,434)</u>
Net cash used by investing activities	<u>(29,434)</u>
Net decrease in cash and cash equivalents	(161,391)
Cash and cash equivalents, beginning of year	<u>681,985</u>
Cash and cash equivalents, end of year	<u>\$ 520,594</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Reduction of loan balances	\$ 2,954
Less annual amounts forgiven on loans	<u>(2,954)</u>
Net payments made on loans	<u>\$ -</u>

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, 2019

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 (molested, 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, 2019

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation

Family Services reports information regarding its financial position and activities into two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions and performing administrative functions.

Net Assets with Donor Restrictions - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Revenue Recognition

Support received is recorded as net assets without donor restriction or net assets with donor restrictions, depending on the existence and/or nature of any restrictions.

All support with donor restrictions is reported as an increase in net assets with donor restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions 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 support without donor restrictions.

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.

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.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – Summary of Significant Accounting Policies (continued)

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 support without donor restrictions 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.

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. The expenses that are allocated include insurance, retirement, administrative, rent, utilities and telephone, supplies, equipment rental, printing and postage and general insurance, which are allocated on the basis of estimates of time and effort.

Advertising Costs

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

New Accounting Principles

In August 2016, the FASB issued Accounting Standards update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU was presented to simplify the net asset classification requirements and improve the information presented in financial statements and notes about NFP's liquidity, financial performance and cash flows. The provisions of this ASU have been implemented in the financial statements for the period of June 30, 2019. The statements contained herein reflect the change in financial reporting and presentation.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – Summary of Significant Accounting Policies (continued)

New Accounting Principles (continued)

The following is a summary of upcoming FASB Statements that may have an impact on Family Services' future reporting:

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new guidance establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. The new guidance is effective for fiscal years beginning after December 15, 2020.

In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*. The amendments in this Update affect narrow aspects of the guidance issued in the amendments in Update 2016-02. The new guidance is effective for fiscal years beginning after December 15, 2020.

In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. The amendments in this Update provide entities with an additional (and optional) transition method to adopt the new leases standard. The amendments in this Update also provide lessors with a practical expedient, by class of underlying asset, to not separate nonlease components from the associated lease component and, instead, to account for those components as a single component when certain conditions are met. The new guidance is effective for fiscal years beginning after December 15, 2020.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to Disclosure Requirements for Fair Value Measurement*. The amendments in this Update are part of the disclosure framework project, in which the objective and primary focus are to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of the information required by generally accepted accounting principles (GAAP) that is most important to users of each entity's financial statements. They modify the disclosure requirement on fair value measures in Topic 820, *Fair Value Measurement*, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. The new guidance is effective for fiscal years beginning after December 15, 2019.

In December 2018, the FASB issued ASU 2018-20, *Leases (Topic 842): Narrow-Scope Improvements for Lessors*. The amendments in this Update increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions. The new guidance is effective for fiscal years beginning after December 15, 2020.

In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The amendments in this Update increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions. The new guidance is effective for fiscal years beginning after December 15, 2020.

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definitions of Collections*. The amendments in this Update improve the definition of collections in the Master Glossary by realigning it with the definition in the American Alliance of Museums' (AAM) Code of Ethics for Museums. The Update also makes a technical correction in Topic 360, *Property, Plant, and Equipment*, to clarify that the accounting and disclosure guidance for collections in Subtopic 958-360, *Not-for-Profit Entities—Property, Plant, and Equipment*, applies to business entities as well as not-for-profit entities. The new guidance is effective for fiscal years beginning after December 15, 2019.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 limit is \$250,000. At June 30, 2019, cash balance exceeding the federally insured limit was \$353,169.

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, 2019, consisted of the following:

California Office of Emergency Services	\$ 366,791
Tulare County Health & Human Services Agency	68,085
California Department of Public Health	63,445
Tulare County Sheriff's Department	59,502
Violence Against Women Office	31,541
City of Visalia	22,116
Housing and Urban Development	14,130
Superior Court of Tulare County	13,951
City of Tulare	13,539
Federal Emergency Management Agency	12,692
Cutler-Orosi Unified School District	8,909
First 5 of Tulare County	3,511
Fresno Economic Opportunities Commission	3,488
Miscellaneous	<u>33,548</u>
Total	<u>\$ 715,248</u>

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – Notes Payable

The following is a summary of Family Services' notes payable at June 30, 2019:

EHAPCD loan, dated in 2010, from the State of California for the development of the Tulare Transitional Housing Facility. The loan term is 10 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 10 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

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. 22,658

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. 107,561

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – 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, \$183 of the loan shall be forgiven until the loan is forgiven in full. The note is collateralized by real property in Visalia, California.

	8,600
Total notes payable	1,039,769
Less current portion	(592,954)
Long-term portion	\$ 446,815

Annual required principal payments on these notes are as follows:

	\$ 592,954
2020	2,954
2021	2,954
2022	313,904
2023	2,954
2024	124,049
Thereafter	124,049
Total	\$ 1,039,769

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – Net Assets

Family Services' net assets at June 30, 2019 consisted of the following:

Net assets without donor restrictions:

Undesignated	\$ 1,342,732
Total net assets without donor restrictions	<u>1,342,732</u>

Net assets with donor restrictions:

Subject to expenditure for specified purpose:

Karen Cooper Legacy	22,815
Transitional Housing, Karen's House	6,455
Supportive Housing/General expenses	6,537
Childrens Counseling Center, Karen's House, Transitional Housing, In-Home Parenting	4,056
Goshen Family Center	5,000
Transitional Housing, Goshen Summer Program	20,712
Domestic Violence	1,016
Youth Education/Prevention Program	377
Various direct program expenses	16,904
Total net assets with donor restrictions	<u>83,872</u>

Total net assets	<u>\$ 1,426,604</u>
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NOTE 8 – 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, 2019, were \$163,080, of which \$160,126 and \$2,954 were for donated services and for annual amounts forgiven on loans, respectively.

NOTE 9 – Operating Leases

The lease for property located at 307 West Murray in Visalia, California requires monthly rent payments of \$1,750. This lease expires March 31, 2020. Included in the lease agreement is an option to extend the lease at the expiration date for an additional three year term. Management plans to renew lease upon expiration.

The lease for property located at 221 North Johnson in Visalia, California required monthly rent payments of \$1,550. This lease expired July 31, 2018. The lease was renewed effective August 1, 2018 for a period of three years. The renewal requires monthly rent payments of \$1,645, subject to a \$30 annual increase each August 1st.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – Operating Leases (continued)

The lease for property located at 735 West Oak in Visalia, California required monthly rent payments of \$1,085 for a three year term starting January 1, 2016. The monthly rent payments were subject to a \$25 increase January 1st. The lease was renewed effective upon expiration through December 31, 2021. The renewal requires monthly rent payments of \$1,275, subject to a \$25 increase commencing January 1, 2020, and each year thereafter throughout the term of the lease.

The lease for property located at 396 Third Street in Porterville, California required monthly rent payments of \$843 for a two year term commencing September 1, 2017 for a period of two years. Family Services did not renew the lease upon expiration at August 31, 2019.

On May 3, 2019, Family Services entered into a lease for property located at 313 and 315 West Henderson Ave in Porterville effective July 1, 2019. The lease requires monthly payments of \$1,200 for the first year, increasing by two percent each year commencing July 1, 2020. The lease contains a two year extension option with the continued increase of two percent in rent.

The lease for property located at 220 Stevenson Street in Visalia, California requires monthly rent payments of \$980 for a three year term commencing July 1, 2018. Monthly rent expense is subject to a \$25 increase commencing July 1, 2019, and each year thereafter throughout the term of the lease.

The lease for property located at 1120 West Main Street in Visalia, California required monthly payments of \$2,700 for a three year term commencing June 1, 2016. Monthly rent expense was subject to a \$100 increase on June 1, 2017, and additional \$200 increase on June 1, 2018. Family Services did not renew the lease upon expiration at June 1, 2019.

On August 1, 2019, Family Services entered into a lease for property located at 1011 West Center Street in Visalia. The lease requires monthly payments of \$1,500 for a three year term.

The lease for property located at 421 North Church Street in Visalia, California requires monthly payments of \$1,200 for a three year term commencing January 1, 2017. Management plans to renew this lease upon expiration.

The lease for property located at 916 West Oak Street in Visalia, California requires monthly rent payments of \$1,650 for a five year term commencing May 1, 2018. The monthly payments increase to \$1,700 per month on May 1, 2022, for the remainder of the term.

The lease for property located at 401 North Church Street in Visalia, California requires monthly rent payments of \$3,213 for a five year term commencing September 15, 2017. The monthly payments increase by three percent every September 15th.

The lease for property located at 409 North Church Street in Visalia, California requires monthly rent payments of \$1,200 for a four year term commencing January 15, 2019. The monthly rent payments are subject to a \$100 increase commencing January 15, 2020, and each year thereafter throughout the term of the lease.

The lease for copiers with U.S. Bank Equipment Finance requires monthly payments of \$1,272 for a 48 month term commencing July 1, 2018. The lease agreement contains no purchase option.

The lease for a copier with U.S. Bank Equipment Finance requires annual payments of \$136 for a 48 month term commencing February 1, 2018. The lease agreement contains no purchase option.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – Operating Leases (continued)

The lease for a copier with U.S. Bank Equipment Finance requires annual payments of \$112 for a 42 month term commencing February 1, 2019. The lease agreement contains no purchase option.

Rent expense during the year ended June 30, 2019, was \$317,148.

As of June 30, 2019, the future minimum operating lease payments under these non-cancelable leases, are as follows:

2020	\$ 197,222
2021	177,755
2022	141,040
2023	<u>34,875</u>
Total	<u>\$ 550,892</u>

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

NOTE 10 – California Office of Emergency Services

During the year, Family Services had eight 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	Victim Services	Legal Assistance	Supervised Visitation
<u>Personal Services:</u>							
Without donor restrictions:							
In-kind volunteers	\$ -	\$ 106,513	\$ -	\$ 11,458	\$ -	\$ -	\$ -
Other sources	-	-	-	-	38,041	16,708	-
State of California:							
Shelter relief staff	4,694	-	-	-	-	-	-
Direct services staff	-	-	78,337	-	-	-	4,611
<u>Operating Services:</u>							
Unrestricted fund:							
Other sources	<u>20,540</u>	<u>-</u>	<u>-</u>	<u>34,268</u>	<u>67,406</u>	<u>45,396</u>	<u>-</u>
Totals	<u>\$ 25,234</u>	<u>\$ 106,513</u>	<u>\$ 78,337</u>	<u>\$ 45,726</u>	<u>\$ 105,447</u>	<u>\$ 62,104</u>	<u>\$ 4,611</u>

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 – 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, 2019, was \$30,752.

NOTE 12 – Liquidity and Availability of Resources

Family Services receives support from restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Family Services must maintain sufficient resources to meet those responsibilities to its donors and grantors, therefore, financial assets may not be available for general expenditure within one year. In the event of an unanticipated liquidity need, Family Services could also draw upon \$410,000 of available line of credit opened in August of 2019, as described in Note 14.

The following table reflects Family Services' financial assets as of June 30, 2019, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year.

Financial assets:	
Cash and cash equivalents	\$ 520,594
Grants receivable	715,248
Accounts receivables	<u>60,210</u>
Total financial assets	<u>1,296,052</u>
Donor-imposed restrictions:	
Other donor restrictions	<u>(22,815)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,273,237</u></u>

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. For these financial instruments, carrying values approximate fair value.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 – Subsequent Events

Management has evaluated subsequent events through December 31, 2019, 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, the nature of which have been disclosed in Note 9 and below.

Line of Credit

On August 23, 2019, Family Services secured a \$410,000 line of credit with Suncrest Bank to be drawn down as needed, with an original disbursement amount of \$170,000. Monthly interest payments on the outstanding principal balance is five percent. The line of credit matures on May 5, 2024.

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, 2019**

	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	\$ 1,887,313	\$ 167,492	\$ 145,410	\$ 42,548	\$ 161,305	\$ 155,738	\$ 228,759	\$ 26,589	\$ 104,813	\$ 22,092	\$ 170,576	\$ 15,000	\$ 26,192	\$ 3,153,827
Other revenue	-	-	-	-	-	-	-	-	-	-	22,864	-	-	22,864
Total support	1,887,313	167,492	145,410	42,548	161,305	155,738	228,759	26,589	104,813	22,092	193,440	15,000	26,192	3,176,691
Expenses:														
Salaries and wages	872,597	90,160	68,614	11,510	70,263	36,244	131,352	13,905	65,633	12,062	29,133	9,342	16,491	1,427,306
Payroll taxes	65,528	6,834	5,212	865	5,443	2,619	8,671	1,059	5,297	911	2,017	690	1,230	106,376
Insurance	141,609	13,180	4,745	1,648	9,901	4,969	17,358	1,562	9,148	1,723	3,599	1,199	2,030	212,671
Retirement	8,472	1,165	802	170	880	354	1,094	25	559	42	136	55	84	13,838
Administrative	426,537	23,276	12,248	6,546	4,947	211	20,702	3,802	1,898	2,739	2,298	1,382	2,509	509,095
Travel and conferences	58,604	4,607	10,194	-	13,482	253	28,522	2,825	1,918	1,243	290	416	503	122,857
Rent	48,609	8,400	7,664	234	6,547	61,292	5,863	1,397	8,334	1,198	1,103	706	1,232	152,579
Utilities and telephone	62,730	5,474	3,424	1,248	3,533	8,310	10,253	738	4,241	733	805	450	872	102,811
Supplies	27,718	3,748	1,020	2,970	1,197	253	14,333	210	1,325	104	126	70	132	53,206
Equipment rental	4,254	652	263	21	305	127	577	124	741	88	60	39	68	7,319
Printing postage	1,269	136	93	16	97	44	168	19	94	19	19	11	21	2,006
Dues and memberships	1,130	-	-	-	-	-	-	-	-	-	-	-	-	1,130
General insurance	14,033	1,107	872	175	777	404	769	187	926	107	174	173	229	19,933
Advertising	162	32	-	-	-	-	-	-	-	-	-	-	-	194
Repairs and maintenance	22,631	2,046	1,015	16,864	853	480	5,168	241	714	285	228	149	283	50,957
Educational materials	50,320	-	-	-	-	-	-	-	6,316	-	-	-	-	56,636
Client assistance	28,102	5,573	27,244	-	42,710	39,298	69,768	-	-	268	154,363	-	-	367,326
Licenses and permits	14,656	1,102	2,000	-	-	880	1,212	400	-	-	350	250	350	21,200
Accounting and auditing	8,920	-	-	281	370	-	1,500	95	380	570	133	68	158	12,475
Total expenses	1,857,881	167,492	145,410	42,548	161,305	155,738	317,310	26,589	107,524	22,092	194,834	15,000	26,192	3,239,915
Excess revenue (expense)	\$ 29,432	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (88,551)	\$ -	\$ (2,711)	\$ -	\$ (1,394)	\$ -	\$ -	\$ (63,224)

**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, 2019**

	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	\$ 258,624	\$ 1,139,710	\$ 234,892	\$ 53,817	\$ 128,858	\$ 364,366	\$ 47,292	\$ 2,227,559
Counseling fees	-	196,057	-	-	-	-	-	196,057
Other revenue	-	-	-	-	7,644	-	-	7,644
Total support	258,624	1,335,767	234,892	53,817	136,502	364,366	47,292	2,431,260
Expenses:								
Salaries and wages	181,102	646,836	140,158	4,192	48,040	243,430	27,036	1,290,794
Payroll taxes	13,489	46,206	10,538	314	3,537	18,146	1,982	94,212
Insurance	24,750	91,910	20,659	465	11,253	28,195	4,076	181,308
Retirement	1,141	6,184	966	58	316	2,364	318	11,347
Administrative	26,913	336,094	20,594	15,408	8,101	31,274	4,738	443,122
Travel and conferences	2,124	28,682	14,243	265	466	2,405	1,001	49,186
Rent	-	43,585	5,378	11,929	3,658	11,696	165	76,411
Utilities and telephone	443	30,012	3,922	15,225	3,459	5,265	665	58,991
Supplies	2,376	18,365	7,367	1,200	1,276	3,241	1,419	35,244
Equipment rental	466	4,125	312	34	201	881	12	6,031
Printing postage	113	794	163	7	66	326	38	1,507
General insurance	629	8,437	1,686	89	626	2,987	396	14,850
Advertising	-	-	802	-	-	-	-	802
Repairs and maintenance	573	14,693	1,257	2,718	753	1,401	34	21,429
Educational materials	-	12,310	4,959	-	-	9,270	-	26,539
Client assistance	324	5,035	5,017	163	56,977	-	-	67,516
Licenses and permits	3,770	7,320	3,625	1,750	990	1,580	1,245	20,280
Accounting and auditing	-	5,280	1,140	-	-	1,905	900	9,225
Staff training	-	250	-	-	-	-	-	250
Total expenses	258,213	1,306,118	242,786	53,817	139,719	364,366	44,025	2,409,044
Excess revenue (expense)	\$ 411	\$ 29,649	\$ (7,894)	\$ -	\$ (3,217)	\$ -	\$ 3,267	\$ 22,216

**FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	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	\$ -	\$ 75,692
Passed Through the Office of Community Planning and Development: Continuum of Care Program	14.267	N/A	-	155,739
Passed Through the City of Porterville: Shelter Plus Care	14.238	N/A	-	15,000
Passed Through the City of Visalia: Shelter Plus Care	14.238	N/A	-	26,192
Passed Through the City of Tulare: Shelter Plus Care	14.238	N/A	-	170,576
Total CFDA 14.238			-	211,768
Total U.S. Department of Housing and Urban Development (HUD)			-	443,199
<u>U.S. Department of Justice:</u>				
Services for Trafficking Victims	16.320	N/A	8,794	167,492
Passed Through Office of Violence Against Women: Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528	N/A	2,546	145,410
Passed Through the Office of Tulare County Sheriff: Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.588	18451	-	26,589
Passed Through California Office of Emergency Services: Domestic Violence Response Team	16.588	N/A	-	141,722
Total CFDA 16.588			-	168,311
Crime Victims Assistance	16.575	18200	231,155	1,566,447
Total Passed Through California Office of Emergency Services			231,155	1,708,169
Passed Through the Fresno Economic Opportunities Commission: Crime Victims Assistance	16.575	N/A	-	22,092
Total CFDA 16.575			231,155	1,588,539
Total U.S. Department of Justice			242,495	2,069,752
<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	-	85,613
Passed Through the County of Tulare HHSA: Medical Assistance Program	93.778	N/A	-	128,043
HIV Care Formula Grants	93.917	4607	-	107,133
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4730	-	77,206
Total Passed Through County of Tulare HHSA			-	312,382
Passed Through the County of Tulare Superior Court: Grants to States for Access and Visitation Programs	93.597	N/A	-	104,813
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	-	179,144
Total U.S. Department of Health and Human Services			-	681,952
<u>U.S. Department of Homeland Security:</u>				
Passed Through the Federal Emergency Management Agency: Emergency Food and Shelter National Board Program	97.024	N/A	-	42,548
Total U.S. Department of Homeland Security			-	42,548
Total Expenditures of Federal Awards			\$ 242,495	\$ 3,237,451

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, 2019

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

Family Services did not elect to use the 10% de minimis cost rate.

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
STATEMENT OF COSTS CLAIMED AND ACCEPTED
FOR THE YEAR ENDED JUNE 30, 2019

	Costs	Costs Accepted		
	Claimed 2019	Actual	Matching	Total
Child Abuse Treatment (CHAT)				
Grant Number XT 15 01 1248, Grant Period (4/1/16 - 12/1/19)				
Current Period Revenue \$321,058				
Personal Services	\$ 325,790	\$ 247,453	\$ 78,337	\$ 325,790
Operating Services	73,605	73,605	-	73,605
Equipment	-	-	-	-
Totals	<u>\$ 399,395</u>	<u>\$ 321,058</u>	<u>\$ 78,337</u>	<u>\$ 399,395</u>
Domestic Violence (DV)				
Grant Number DV17311248, Grant Period (10/1/17 - 9/30/18)				
Current Period Revenue \$94,934				
Personal Services	\$ 85,328	\$ 85,328	\$ -	\$ 85,328
Operating Services	9,606	9,606	-	9,606
Equipment	-	-	-	-
Totals	<u>\$ 94,934</u>	<u>\$ 94,934</u>	<u>\$ -</u>	<u>\$ 94,934</u>
Domestic Violence (DV)				
Grant Number DV18321248, Grant Period (10/1/18 - 9/30/19)				
Current Period Revenue \$455,026				
Personal Services	\$ 371,639	\$ 366,945	\$ 4,694	\$ 371,639
Operating Services	108,621	88,081	20,540	108,621
Equipment	-	-	-	-
Totals	<u>\$ 480,260</u>	<u>\$ 455,026</u>	<u>\$ 25,234</u>	<u>\$ 480,260</u>
Rape Crisis (RC)				
Grant Number RC17261248, Grant Period (9/1/16 - 10/31/18)				
Current Period Revenue \$203,034				
Personal Services	\$ 147,099	\$ 118,324	\$ 28,775	\$ 147,099
Operating Services	55,276	55,276	-	55,276
Equipment	29,434	29,434	-	29,434
Totals	<u>\$ 231,809</u>	<u>\$ 203,034</u>	<u>\$ 28,775</u>	<u>\$ 231,809</u>

(continued)

**FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
STATEMENT OF COSTS CLAIMED AND ACCEPTED
FOR THE YEAR ENDED JUNE 30, 2019**

	Costs Claimed		Costs Accepted	
	2019	Actual	Matching	Total
Rape Crisis (RC)				
Grant Number RC18271248, Grant Period (11/1/18 - 9/30/19)				
Current Period Revenue \$324,607				
Personal Services	\$ 322,013	\$ 244,275	\$ 77,738	\$ 322,013
Operating Services	80,332	80,332	-	80,332
Equipment	-	-	-	-
Totals	\$ 402,345	\$ 324,607	\$ 77,738	\$ 402,345
Victim Services				
Grant Number XC16011248, Grant Period (7/1/16 - 12/31/19)				
Current Period Revenue \$536,032				
Personal Services	\$ 207,177	\$ 169,136	\$ 38,041	\$ 207,177
Operating Services	434,302	366,896	67,406	434,302
Equipment	-	-	-	-
Totals	\$ 641,479	\$ 536,032	\$ 105,447	\$ 641,479
Transitional Housing				
Grant Number XH16011248, Grant Period (7/1/16 - 12/31/19)				
Current Period Revenue \$245,961				
Personal Services	\$ 158,728	\$ 147,270	\$ 11,458	\$ 158,728
Operating Services	132,959	98,691	34,268	132,959
Equipment	-	-	-	-
Totals	\$ 291,687	\$ 245,961	\$ 45,726	\$ 291,687
Domestic Violence Response Team Program				
Grant Number VA17011248, Grant Period (1/1/18 - 12/31/19)				
Current Period Revenue \$131,337				
Personal Services	\$ 69,146	\$ 69,146	\$ -	\$ 69,146
Operating Services	62,191	62,191	-	62,191
Equipment	-	-	-	-
Totals	\$ 131,337	\$ 131,337	\$ -	\$ 131,337

(continued)

FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
STATEMENT OF COSTS CLAIMED AND ACCEPTED
FOR THE YEAR ENDED JUNE 30, 2019

	Costs Claimed	Costs Accepted		Total
	2019	Actual	Matching	
Legal Assistance Grant Number KL17011248, Grant Period (11/1/17 - 12/31/19) Current Period Revenue \$198,770				
Personal Services	\$ 124,430	\$ 107,722	\$ 16,708	\$ 124,430
Operating Services	136,444	91,048	45,396	136,444
Equipment	-	-	-	-
Totals	<u>\$ 260,874</u>	<u>\$ 198,770</u>	<u>\$ 62,104</u>	<u>\$ 260,874</u>
Supervised Visitation Grant Number SP18011248, Grant Period (5/1/19 - 4/30/20) Current Period Revenue \$12,538				
Personal Services	\$ 12,497	\$ 8,579	\$ 3,918	\$ 12,497
Operating Services	4,652	3,959	693	4,652
Equipment	-	-	-	-
Totals	<u>\$ 17,149</u>	<u>\$ 12,538</u>	<u>\$ 4,611</u>	<u>\$ 17,149</u>

OTHER INDEPENDENT AUDITORS' REPORTS



REBECCA AGREDANO, C.P.A.

MARLA D. BORGES, C.P.A.

NICOLE A. CENTOFANTI, C.P.A.

ELAINE D. HOPPER, C.P.A., C.F.E.

KATHLEEN M. LAMPE, C.P.A.

R. IAN PARKER, C.P.A.

MARY L. QUILLIN, C.P.A.

GIUSEPPE SCALIA, C.P.A.

NATALIE H. SIEGEL, C.P.A.

ROSALIND WONG, C.P.A.

LARRY W. AYERS, C.P.A.

JAMES G. DWYER, C.P.A.

KEVIN M. GREEN, C.P.A.

GREG GROEN, C.P.A.

WM. KENT JENSEN, C.P.A.

LYNN M. LAMPE, C.P.A.

ALAN S. MOORE, C.P.A.

KENNETH B. NUNES, C.P.A.

KEITH M. SPRAGUE, C.P.A.

KENNETH W. WHITE, JR., C.P.A.

NORIKO A. AWBREY, C.P.A.

TYLER J. CODAY, C.P.A.

BRENDA A. DADDINO, C.P.A.

JASON A. FRY, C.P.A., M.S.A.

MANNY GONZALEZ, C.P.A.

JASMAN S. KHOSA, C.P.A.

TRACY L. MCINTYRE, C.P.A.

KRYSTAL PARREIRA, C.P.A., M.S.A.

RACHEL L. SCHROEDER, C.P.A.

GINILU VANDERWALL, C.P.A.

KRISTI WEAVER, C.P.A.

*Hanford
Lindsay
Tulare
Visalia*

**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, 2019, 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 31, 2019.

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.

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 31, 2019.

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.

M. Green and Company LLP

Visalia, California
December 31, 2019



REBECCA AGREDANO, C.P.A.

MARLA D. BORGES, C.P.A.

NICOLE A. CENTOFANTI, C.P.A.

ELAINE D. HOPPER, C.P.A., C.F.E.

KATHLEEN M. LAMPE, C.P.A.

R. IAN PARKER, C.P.A.

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LARRY W. AYERS, C.P.A.

JAMES G. DWYER, C.P.A.

KEVIN M. GREEN, C.P.A.

GREG GROEN, C.P.A.

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GINILU VANDERWALL, C.P.A.

KRISTI WEAVER, C.P.A.

**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, 2019. 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 qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Family Services' compliance.

Basis for Qualified Opinion on CFDA 16.575 Crime Victim Assistance

As described in the accompanying schedule of findings and questioned costs, Family Services did not comply with requirements regarding CFDA 16.575 Crime Victim Assistance as described in finding number 2018-001 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for Family Services to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 16.575 Crime Victim Assistance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 CFDA 16.575 Crime Victim Assistance for the year ended June 30, 2019.

Other Matters

Family Services' response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Family Services' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Family Services' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Family Services' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Visalia, California
December 31, 2019

M. Green and Company LLP

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, 2019**

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: Qualified

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

Identification of major program:

<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? Yes X No

Section II – Financial Statement Findings

NONE

**FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section III – Federal Findings

FINDING 2018-001

50000

SIGNIFICANT DEFICIENCY IN FEDERAL COMPLIANCE – SUBRECIPIENT MONITORING

Federal Program Information

Crime Victims Assistance
U.S. Department of Justice
Passed Through California Office of Emergency Services
Federal Catalog Number 16.575
Federal Award Identification Number XC16011248
(July 1, 2016 – December 31, 2019)

Criteria

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) require the subaward documents to include the terms and conditions of the subaward to ascertain if, at the time of the subaward (or subsequent modification), the pass-through entity (PTE) made the subrecipient aware of the award information required by 2 CFR Section 200.331(a) sufficient for the PTE to comply with Federal statutes, regulations and the terms and conditions of the award.

Condition

The documentation given to the subrecipient was lacking information required by 2 CFR Section 200.331(a). The documentation did not include the CFDA number and name of the Federal Award.

Questioned Costs

The known questioned costs were \$231,155.

Proper Perspective

One of three subrecipients' award documentation was reviewed. This is systemic to all subrecipients of the Organization.

Cause

The Organization erroneously completed the subaward agreement due to lack of understanding the required information needed to complete the agreement.

Recommendation

We recommend the Organization amend all current subaward agreements with PTE to make the subrecipients aware of all the award information required by 2 CFR Section 200.331(a). We also recommend that going forward employees are trained to properly complete the subaward agreements to ensure all subaward agreements with PTE include all of the award information required by 2 CFR Section 200.331(a).

Views of Responsible Officials

Agree Disagree

The Organization acknowledges this finding and has taken steps to address the issue. While there was an appropriate space on the subaward agreement form for both the CFDA number and the name of the Federal Award per 2 CFR Section 200.331(a), the section was left incomplete.

**FAMILY SERVICES OF TULARE COUNTY
(A Non-Profit Corporation)
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019**

FINDING 2018-001

50000

SIGNIFICANT DEFICIENCY IN FEDERAL COMPLIANCE – SUBRECIPIENT MONITORING

Federal Program Information

Crime Victims Assistance

U.S. Department of Justice

Passed Through California Office of Emergency Services

Federal Catalog Number 16.575

Federal Award Identification Number XC16011248

(July 1, 2016 – December 31, 2019)

Corrective Action Plan

We understand the concern and have implemented training for all employees going forward. We have further delineated our Subrecipient Award Procedures in our Fiscal Policies to include detailed instructions on how to obtain this required information. This detailed procedure will be presented to our Board of Directors as part of our next Fiscal Policy update in January 2020.

Name of the Contact Person Responsible for Corrective Action

Caity Meader, Chief Executive Officer

Anticipated Completion Date

Training has been implemented. Final Fiscal Policy update will be reviewed for approval by our Board of Directors on January 28, 2020.

**FAMILY SERVICES OF TULARE COUNTY
 (A Non-Profit Corporation)
 SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2019**

Finding/Recommendation	Current Status	Explanation if not Implemented
2018-001 The documentation given to the subrecipient was lacking information required by 2 CFR Section 200.331(a). The documentation did not include the subrecipients' unique identifier, the Federal Award Date, the CFDA number and name of the Federal Award, indirect costs rates for the federal award or appropriate terms and conditions concerning the closeout of the subaward. We recommended the Organization amend all current subaward agreements with pass-through entities (PTE) to make the subrecipients aware of the award information required by 2 CFR Section 200.331(a). We also recommended that going forward all subaward agreements with PTE include all of the award information required by 2 CFR Section 200.331(a).	Partially Implemented	See current year finding 2018-001