PENINSULA FAMILY SERVICE

REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2013
(With Comparative Totals for 2012)

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PENINSULA FAMILY SERVICE

GENERAL INFORMATION

YEAR ENDED JUNE 30, 2013

Organization Name:	Peninsula Family Service
Address of Organization:	24 2nd Avenue San Mateo, CA 94401
Type of Organization:	California Nonprofit Public Benefit Corporation
California Department of Education, Project Numbers:	CCTR-2279: General Child Care Center CSPP-2526: State Preschool Program CRPM-2069: Renovation and Repair 41-1664-1A: CACFP
Executive Officers:	
Executive Director:	Arne Croce
Child Care Division Director:	Ann Torres
Chief Financial Officer	Heather Cleary
Human Resources Director	Kathleen Espino
Report Period:	Fiscal Year Ended June 30, 2013
Schedule of Daily Hours:	Varied
Number of Days of Operation:	247

November XX, 2013

Board of Directors
Peninsula Family Service
San Mateo, California

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of **Peninsula Family Service**, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 of material misstatement.

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

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

Board of Directors
Peninsula Family Service
San Mateo, California
November XX, 2013

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Peninsula Family Service**, as of June 30, 2013, 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 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 and the Combining Statements, and other schedules are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November XX, 2013 on our consideration of **Peninsula Family Service**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering **Peninsula Family Service**'s internal control over financial reporting and compliance.

Board of Directors
Peninsula Family Service
San Mateo, California
November XX, 2013

Report on Summarized Comparative Information

We have previously audited the **Peninsula Family Service's** 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Certified Public Accountants, Inc.
Novato, California

PENINSULA FAMILY SERVICE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2013

(With Comparative Totals for 2012)

ASSETS	General	Temporarily Restricted	Permanently Restricted	Total All Funds 2013	Total All Funds 2012
CURRENT ASSETS:					
Cash and Cash Equivalents (Note A)	$ 604,815	$	$	$ 604,815	$ 1,192,828
Short-Term Cash Investments (Note A)	22,495			22,495	113,832
Current Portion of Pledges Receivable (Note E)			21,585	21,585	20,807
Accounts and Grants Receivable (Note F)	1,209,730	24,353		1,234,083	694,500
Prepaid Expenses	142,296			142,296	142,959
Total Current Assets	1,979,336	24,353	21,585	2,025,274	2,164,926
RESTRICTED CASH			62	62	16
LONG-TERM INVESTMENTS (Note G)	82,727		1,530,724	1,613,451	1,462,821
LONG-TERM PLEDGES RECEIVABLE (Note E)			69,721	69,721	91,306
PROPERTY AND EQUIPMENT (Note H)	5,753,907			5,753,907	5,505,612
ASSETS RESERVED:					
Unemployment Claims (Note I)	15,655			15,655	13,587
REFUNDABLE DEPOSITS	10,960			10,960	10,960
TOTAL ASSETS	$ 7,842,585	$ 24,353	$ 1,622,092	$ 9,489,030	$ 9,249,228
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Line of Credit (Note J)	$	$	$	$ -	$ -
Current Portion of Notes Payable (Note M)	101,458			101,458	99,011
Accounts Payable and Accrued Expenses	580,052			580,052	573,246
Due to / (from) other funds	(18,849)	(345,033)	363,882	-	-
Due to Funder				-	-
Deferred Revenue (Note K)	340,113			340,113	332,950
Reserve for State Dept. of Education (Note L)				-	-
Other Reserves	36,689			36,689	36,689
Total Current Liabilities	1,039,463	(345,033)	363,882	1,058,312	1,041,896
NOTES PAYABLE (Note M)	583,657			583,657	685,115
RESERVE FOR LOAN GUARANTEES	151,976			151,976	168,970
RESERVE FOR FUTURE UNEMPLOYMENT CLAIMS (Note I)	15,655			15,655	13,587
COMMITMENTS AND CONTINGENCIES (Note S)				-	20,000
Total Liabilities	1,790,751	(345,033)	363,882	1,809,600	1,929,568
NET ASSETS	6,051,834	369,386	1,258,210	7,679,430	7,319,660
TOTAL LIABILITIES AND NET ASSETS	$ 7,842,585	$ 24,353	$ 1,622,092	$ 9,489,030	$ 9,249,228

See Notes to Financial Statements.

PENINSULA FAMILY SERVICE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2013

(With Comparative Totals for 2012)

	General Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds 2013	Total All Funds 2012
REVENUE AND SUPPORT					
Grant Income	$ 7,367,952	$ 38,548	$	$ 7,406,500	$ 5,444,643
Restricted Support (Note R)	18,000			18,000	-
Contributions	2,275,865		29,438	2,305,303	2,311,008
Fees	516,303			516,303	675,503
Investment Income:					
Unrealized Gain/(Loss) on Investments	8,357	123,571		131,928	16,448
Interest & Dividends	3,039	34,266		37,305	40,375
Other Income	356,031			356,031	240,806
Net Assets Released From Restrictions (Note D):	14,195	(14,195)		-	-
Satisfaction of Program Restrictions				-	-
Expiration of Time Restrictions				-	-
TOTAL REVENUE AND SUPPORT	10,559,742	182,190	29,438	10,771,370	8,728,783
EXPENDITURES					
Administration	775,454			775,454	883,847
Child Care	6,813,499			6,813,499	4,889,973
Older Adults	1,119,375			1,119,375	2,580,373
Visitation Center	18,529			18,529	511,214
Financial Empowerment	2,315,208			2,315,208	222,072
Buildings & Building Fund				-	-
Endowment Fund				-	-
TOTAL EXPENDITURES	11,042,065	-	-	11,042,065	9,087,479
CHANGE IN NET ASSETS	(482,323)	182,190	29,438	(270,695)	(358,696)
Transfers (Note Q)	75,460	(75,460)		-	-
EXCESS OF ASSETS ACQUIRED OVER LIABILITIES ASSUMED IN DONATION OF AGENCY (Note R)	630,465			630,465	-
NET ASSETS, beginning of year	5,828,232	262,656	1,228,772	7,319,660	7,678,356
NET ASSETS, end of year	$ 6,051,834	$ 369,386	$ 1,258,210	$ 7,679,430	$ 7,319,660

See Notes to Financial Statements.

PENINSULA FAMILY SERVICE

COMBINED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2013

(With Comparative Totals for 2012)

	Total All Funds	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ (270,695)	$ (358,696)
Adjustments to Reconcile Net Revenue & Support to Cash Provided by Operating Activities:		
Depreciation	274,819	230,339
Net Realized and Unrealized (Gain) / Loss on Assets	(130,488)	(15,499)
(Increase)/Decrease in Cash Value of Life Insurance Policies	(1,440)	(949)
(Increase) / Decrease in Assets:		
Grants and Accounts Receivable	(539,583)	1,900
Prepaid Expenses	663	(12,312)
Pledges Receivable	20,807	20,057
Refundable Deposits	-	14,645
Increase / (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	6,806	(36,099)
Due to Funder	-	(22,996)
Deferred Revenue	7,163	(86,122)
Reserve for State Department of Education	-	(5,110)
Reserve for Loan Guarantees	(16,994)	(13,849)
Contingency	(20,000)	20,000
Total Adjustments	(398,247)	54,005
Net Cash Provided (Used) By Operating Activities:	(668,942)	(304,691)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds received in acquisition (Note R)	107,350	-
Purchase of Long-Term Investments	(18,701)	(1,143)
Reserve for Unemployment Claims	2,068	1,677
Net Cash Provided (Used) By Investing Activities:	90,717	534
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on Notes Payable	(99,011)	(96,630)
(Increase)/Decrease in Reserve for Unemployment Claims	(2,068)	(1,677)
Net Cash Provided (Used) By Financing Activities:	(101,079)	(98,307)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(679,304)	(402,464)
CASH AND CASH EQUIVALENTS, beginning of year	1,306,676	1,709,140
CASH AND CASH EQUIVALENTS, end of year	$ 627,372	$ 1,306,676
Cash	$ 604,815	$ 1,192,828
Restricted Cash	62	16
Short-Term Cash Investments	22,495	113,832
Total Cash and Cash Equivalents	$ 627,372	$ 1,306,676
Supplemental cash flow information		
Interest Paid	$ 11,068	$ 14,188
In-kind Goods and Services Received in lieu of cash	$ 637,969	$ 609,068

See Notes To Financial Statements.

PENINSULA FAMILY SERVICE

SUPPLEMENTAL SCHEDULE OF CASH AND NONCASH INVESTING AND FINANCING ACTIVITIES

YEAR ENDED JUNE 30, 2013

(With Comparative Totals for 2012)

	Total All Funds	
	2013	2012
CASH AND NONCASH INVESTING AND FINANCING ACTIVITIES		
NONCASH FLOWS		
Fair Value of property and equipment acquired	$ 523,115	$ -
Net Noncash Provided (Used) By Investing Activities:	523,115	-
CASH FLOWS		
Cash received	140,444	-
Liabilites and refundable advances assumed	(33,094)	-
Net Cash Provided (Used) By Financing Activities:	107,350	-
TOTAL CONTRIBUTION RECEIVED IN ACQUISITION OF BAYSHORE CHILD CARE SERVICES	$ 630,465	$ -

See Notes To Financial Statements.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Peninsula Family Service, (the **Organization**) was founded as a nonprofit public benefit corporation in April of 1950 with the mission to empower children, families and older adults to achieve and maintain self-sufficiency, and building a strong and caring community. As the Organization has grown, they changed their name from the original *Family Service Agency of San Mateo County* to the current name of **Peninsula Family Service** in June 2010, to include all the communities they serve. The Organization provides a wide variety of community service programs throughout the San Francisco Bay Area. The Organization is primarily publicly funded.

Major Programs

Child Development and Education Program – The Organization provides affordable developmental child care programs and centers at various locations throughout San Mateo County. Subsidized child care is available for qualified families.

Older Adults Program – The Organization serves as a partner in providing Transition of Care programs to Older Adults in the Community. Also provided are exercise and fitness programs, multilingual senior peer counseling, meals and other community services.

Visitation Program – The Organization provides a safe and secure environment for supervised visits and transfers between separated or divorced parents and their children. The Organization offers specialized parent education and co-parent counseling services. In addition, a children's waiting room is provided for children of parent's who are using local courts. The program closed during the fiscal year.

Financial Empowerment – The Organization provides employment services to help mature workers. These services include vocational counseling and goal planning, resume preparation, on-the-job training, and employment referrals. The program also provides loans to low-income parents who do not have access to conventional credit to maintain their self-sufficiency and employment. Families can use the loans to purchase reliable cars, pay for childcare, housing deposits and car repair. This program also offers seminars and classes to help develop financial skills.

Basis of Accounting and Reporting

Accounting Method

The Organization maintains its accounting records on the accrual basis.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for the various programs are classified for accounting and reporting according to the activities and objectives specified by donors, grantors, officials, and governing boards. Separate accounts are maintained for each fund.

Accounting in accordance with FASB ASC 958-605-45 and 958-205-45:

The Organization reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the asset contributed. When a donor 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.

Accounting in Accordance with FASB ASC 820-10:

The Organization adopted FASB ASC 820-10 and amendments 820-10-50-1, 50-2 and 820-10-65-7 which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820-10 also established a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Accounting in Accordance with FASB ASC 820-10 – (Continued):

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Fund uses prices and inputs that are current as of the measurement date, including during the periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

As further discussed in Note G, the Organization determines the fair value of investments by obtaining the market price per share or unit at year end.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 the reported amounts of assets, liabilities, net assets, and revenue and expenses for the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of uninsured cash balances. The Organization places its cash deposits with high-credit, quality financial institutions. At times, balances in the Organization's cash accounts may exceed the Federal Deposit Insurance Corporation (FDIC) limit of $250,000, and the Security Investment Protection Corporation (SIPC) limit of $500,000. The Organization has not experienced any losses in such accounts.

Concentration of Revenue Sources

Of the total revenue sources of the Organization, there were three major sources that each individually contributed more than 10% of the total revenue for the year. The California Department of Education accounted for approximately 27%, the National Council on Aging accounted for approximately 12%, and the U.S. Department of Health & Human Services accounted for approximately 10% of the total revenue of the Organization.

Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments:

Cash and Cash Equivalents: The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value.

Pledges Receivable: The carrying value of the Organization's asset approximates fair value based on the remaining payments and the maturity date.

Grants Receivable and Deferred Revenue: The carrying amounts of grants receivable and deferred revenue in the statement of financial position approximates fair value.

Notes Payable and Lease Obligation: The carrying value of the Organization's debt approximates fair value based on the remaining maturities or lease payments.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of their acquisition date. Not included as cash equivalents are funds restricted as to their use, regardless of liquidity or the maturity dates of investments.

Short-term Investments

Short-term investments include Certificates of Deposits with maturity dates greater than three months of their acquisition date along with money market accounts.

Endowment Funds

The Endowment fund of the Organization consist of individual funds established to generate general operating support to the organization. Its endowment includes donor-restricted endowment funds and Board-Designated Endowment Funds (or Quasi endowment funds). Board-Designated Endowment Funds are funds functioning as an endowment that are established by the Board from Organization funds (not donor restricted), and will be retained and invested rather than expended. The Organization's quasi endowment fund exists to generate additional annual income to augment the Organization's operating budget.

As required by GAAP, net assets associated with an endowment fund, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of Peninsula Family Service (the Organization) has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Endowment Fund – (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) The duration and preservation of the funds, (2) The purposes of the Organization and the donor-restricted endowment fund, (3) General economic conditions, (4) The possible effect of inflation and deflation, (5) The expected total return from income and the appreciation of investments, (6) Other resources of the Organization, and (7) The investment policies of the Organization.

A. INVESTMENT OBJECTIVE: The investment objectives for the management of endowment assets are as follows:

1. To manage the contributions in a manner that will maximize the benefit to the Organization.

2. To achieve a total return from the investments sufficient to provide both a reasonable growth of the asset base and current income to support the programs of the Organization.

B. ASSET ALLOCATION: The investment manager is directed to follow an asset allocation strategy that will be consistent with the objectives set forth in paragraph (A.) to include the following:

1. Diversification that will include both common stock and fixed income investments;

a. Common stock investments: Diversification that will result in a portfolio of issues that represent a range of industry groups to spread investment risk over a broad base.

b. Fixed income investments: To include obligations of the U.S. Treasury, agencies of the U.S. government and investment grade corporate debt.

2. The investments in equities and fixed income will be reviewed no less than at the end of each quarter and compared to the 65% equity and 35% fixed income benchmarks.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Endowment Fund – (Continued)

C. PROFESSIONAL MANAGEMENT: It shall be the policy of the Trust to utilize professional management services for the investment of the assets in the Fund. Furthermore when trustees choose to utilize mutual funds the investment selection will be left up to the mutual fund manager.

D. PERFORMANCE EVALUTATION: Investment performance by the manager will be measured over periods of the most recent twelve (12), thirty-six (36) and sixty (60) months on the calendar year basis.

Total return performance comparisons for each Fund will be made against appropriate indexes. It is the policy of the Trustees that all investment managers report their performance in writing every calendar quarter.

The Trustees may elect to use an independent performance evaluation service to ensure that the investment manager's performance is competitive with other managers who run endowment-type portfolios with similar investment objectives.

E. SPENDING POLICY: It is the policy of the Trustees to preserve the value of its endowment in real terms (i.e. adjusted for inflation) while providing funds to the Organization for operations. The Fund will contribute to operations at a minimum of 5% of the market value of the Fund's investments annually unless otherwise directed by the board. In addition, subject to Trustees' written approval, interest bearing loans may be made to the Organization.

It shall be the responsibility of the Trustees to periodically review the spending policy against the investment performance of the Fund and its total return to insure that adjustments are made when necessary to preserve the purchasing power of the endowment.

F. RESTRICTIONS: Since the primary role of the Trustees is to preserve the capital of the endowment, it is agreed that only those securities generally considered to be of high quality are to be acquired. As an endowment fund, the nature of the investment policy is to reduce volatility where possible. This should be done by maintaining an equity portfolio that is well diversified across industry groups, and a fixed income portfolio made up of obligations of creditworthy institutions. The Trustees acknowledge that the Fund assumes market risk by maintaining a portfolio of investments; however, high risk taking is not in the best interests of the Fund and should be avoided.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Endowment Fund – (Continued)

F. RESTRICTIONS – (Continued)

Mutual funds, selected by the Investment Manager that are deemed to be within the general intent of these guidelines are not subject to the specific restrictions listed elsewhere in this document.

The following are general restrictions placed on the Investment Manager by the Trustees. The Investment Manager may not:

1. acquire any security subject to any restriction on the sale thereof;

2. write, acquire or sell any put or call options, or combination thereof, on the securities in the portfolio;

3. acquire any security on margin, or otherwise use borrowed funds for the acquisition of any security, or hypothecate any assets of the Fund without the express permission of the Trustees;

4. knowingly sell any securities not owned by the Trust;

5. invest more than 5% of the total market value of the fund in the equities or bonds of one issuer;

6. position more than 20% of the portfolio in any one industry group as defined by Standard & Poors. No more than 5% of the market value of the portfolio may be committed to any individual common stock. However, this restriction shall not apply to obligations of the U.S. Government;

7. position more than 30% of the market value of the portfolio in securities of companies or governments of foreign origin. Equities of foreign companies should be in the form of American Depository Receipts (ADR's) or American Depository Shares (ADS's), and preferably, be listed on the New York Stock Exchange;

8. acquire commodities contracts or similar futures obligations;

9. acquire warrants, unless used in the acquisition of common stock;

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Endowment Fund – (Continued)

F. RESTRICTIONS – (Continued)

10. acquire fixed income obligations rated lower than A or comparable level as defined by the leading statistical agencies of Moody's and Standard & Poor's; unless they are held within a bond mutual fund.

G. POLICY REVIEW: The committee reviews this policy annually.

Prepaid Expenses

Prepaid expense balances are calculated and adjusted monthly to properly charge funds in the period benefited.

Property and Equipment

As further discussed in Note H, property and equipment purchased with unrestricted funds are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the related assets. Assets and capital improvements purchased with restricted funds are recorded as expenditures in the year of acquisition and not capitalized in accordance with the grantor's funding terms and conditions. The grantor retains title to those assets.

Accrued Vacation and Sick Leave Benefits

Regular full time and part time employees are eligible to earn vacation time for each hour of paid time. Vacation benefits are earned and accumulated for each employee based on the type and length of employment.

Upon termination of employment, accrued vacation is liquidated up to a maximum accrual level. Total accrued benefits at June 30, 2013 were $151,139.

Sick leave benefits are earned and accumulated for each employee. However, accumulated sick leave benefits are not recognized as liabilities of the organization, and no compensation is paid for accumulated sick leave upon termination of employment.

Donated Materials and Services

Donated materials and services (In-kind) are reflected as contributions in the accompanying statements at their fair market value.

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Donated Materials and Services – (Continued)

Such services would have been purchased if not provided by donation or require specialized skills and are provided by individuals possessing such specialized skills. The types of in-kind donated to the Organization include volunteer services, mileage, supplies, rent, utilities, and legal services. The total in-kind contributions for the year ended June 30, 2013 were approximately $638,000.

Allocation of Expenses

The costs of operating the various programs and other activities have been summarized on a functional basis in the combining statement of activities. As further discussed in Note P, certain costs have been allocated among the programs benefited based upon the Organization's cost allocation plan.

Income Taxes

The Organization is exempt from Federal and State income tax under Section 501 (c)(3) of the Internal Revenue Code, and Section 23701(d) of the State of California Revenue and Taxation Code.

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

Summarized Information for 2012

The financial information for the year ended June 30, 2012, is presented for comparative purposes only, and is not intended to be a complete financial statement presentation. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

NOTE B – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. At June 30, 2013, temporarily restricted net assets consisted of the following:

Board Designated and Investment Earnings from Endowment	$ 345,033
CDE - Renovation and Repair CRPM-2069	24,353
	$ 369,386

NOTE C – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the Endowment Fund established by the Board of Directors in 1985. The Organization will receive and place in this fund gifts restricted by the donor for endowment purposes. The Trustees of the Endowment currently approve the transfer of 1.25% of the total funds each quarter for distribution to the general fund.

The composition of the Organization's endowment fund by net asset class and a reconciliation of the beginning and ending balance of the Organization's endowment are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, beginning of year	$ (4,092)	$ 262,656	$ 1,228,772	$ 1,487,336
Investment return:				
Investment income	-	34,266	-	34,266
Realized Gain/(Loss)	-	-	-	-
Unrealized Gain/(Loss)	4,092	119,479	-	123,571
Total investment return	4,092	153,745	-	157,837
Contributions			29,438	29,438
Transfers In (Out)		(71,368)		(71,368)
Endowment Net Assets, end of year	$ -	$ 345,033	$ 1,258,210	$ 1,603,243

NOTE D – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net Assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. For the year ended June 30, 2013, there were no temporarily restricted net assets released from donor restrictions.

CDE Renovation and Repair CRPM-2069	$ 14,195

NOTE E – PLEDGES RECEIVABLE

The Organization received pledges from individuals and corporations that will be received through 2016. At June 30, 2013, the Organization's Pledges Receivable consisted of the following:

Pledges for Endowment Fund	$ 91,306
Less: Current Portion	21,585
Long Term Portion	$ 69,721

NOTE F – ACCOUNTS AND GRANTS RECEIVABLE

At June 30, 2013, the Organization's Accounts and Grants Receivable consisted of the following:

Accounts Receivable:	
Child Care - Family Fees	$ 5,083
Other	78,486
Subtotal Accounts Receivable	83,569
Grants Receivable:	
Child Care	786,244
Older Adult	308,280
Financial Empowerment	31,637
Subtotal Grants Receivable	1,126,161
Total Accounts and Grants Receivable	$ 1,209,730

NOTE G – INVESTMENTS

The Agency adopted FASB Accounting Standards Codification No. 820, *Fair Value Measurements and Disclosures* which provides a framework for measuring fair value under generally accepted accounting principles.

FASB Codification No. 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy was also established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Level 2 inputs are inputs other than quoted prices include within Level 1 that are observable for the asset or liability, either directly or indirectly. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Level 3 inputs are unobservable inputs for the asset or liability. Valuations for assets and liabilities that are derived from other valuation methodologies and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined by the lowest level input that is significant to the fair value measurement.

NOTE G – INVESTMENTS – (Continued)

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Fund uses prices and inputs that are current as of the measurement date, including during the periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

Securities held-to-maturity and available for sale:

Management determines the appropriate classification of debt securities at the time of purchase and reevaluates such designation as of each statement of financial position date. Debt securities are classified as held-to-maturity when the Agency has the positive intent and ability to hold the securities to maturity. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity computed under the effective interest method. Such amortization is included in investment income. When the fair value of a debt security classified as held-to-maturity is different than its amortized cost, the Agency recognizes the fair value in the financial statements with the unrealized gains and losses reported in these financial statements under net realized and unrealized gain/losses on investments. Interest on securities classified as held-to-maturity is included in investment income.

Marketable equity securities and debt securities not classified as held-to-maturity are classified as available-for-sale. Available-for-sale securities are carried at fair value, with the unrealized gains and losses reported in these financial statements under net realized and unrealized gain/losses on investments. The amortized cost of debt securities in this category is adjusted for amortization of premiums and accretion of discounts to maturity computed under the effective interest method. Such amortization is included in investment income. When the fair value of a debt security classified as held-to-maturity or available-for-sale is different than its amortized cost, the Agency recognizes the fair value in the financial statements with the unrealized gains and losses reported in these financial statements under net realized and unrealized gain/losses on investments. Interest and dividends on securities classified as available-for-sale are included in investment income.

The investments of the Agency have been recorded at fair value at June 30, 2013, and have been categorized based upon a fair value hierarchy.

NOTE G – INVESTMENTS – (Continued)

	June 30, 2013				June 30, 2012
	Cost or Amortized Cost	Gross Realized / Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value	Total Estimated Fair Value
Cash and Money Funds:	$ 28,663	$ -	$ -	$ 28,663	$ 133,548
Level 1 Hierarchy:					
Available-for-Sale:					
Mutual Funds	1,404,849	182,399	50,471	1,536,777	1,282,702
Subtotal	1,404,849	182,399	50,471	1,536,777	1,282,702
Level 2 Hierarchy:					
Hold-to-Maturity:	-	-	-	-	-
Available-for-Sale:	-	-	-	-	-
Subtotal	-	-	-	-	-
Level 3 Hierarchy:					
Available-for-Sale:					
Insurance Annuities	46,571	1,440	-	48,011	46,571
Subtotal	46,571	1,440	-	48,011	46,571
Totals	$ 1,480,083	$ 183,839	$ 50,471	$ 1,613,451	$ 1,462,821

Total return on investments during the year ended June 30, 2013 was as follows:

	Interest & Dividends	Capital Gain / (Loss) on Sale	Current Year's Unrealized Gain / (Loss)	Total Return on Investment
Mutual Funds	$ 36,457	$ -	$ 130,488	$ 166,945
Insurance Annuities		-	1,440	1,440
Money Market Fund & Other	848	-		848
	$ 37,305	$ -	$ 131,928	$ 169,233

NOTE H – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2013 consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value
Furniture and Equipment	$ 1,199,307	$ 947,106	$ 252,201
Leasehold Improvements	835,511	615,324	220,187
Computers & Peripherals	225,242	225,242	-
Building	6,555,936	2,261,683	4,294,253
	8,815,996	4,049,355	4,766,641
Land	987,266	-	987,266
	$ 9,803,262	$ 4,049,355	$ 5,753,907

Total depreciation expense for the year ended June 30, 2013 was $274,819.

NOTE I – ASSETS RESERVED FOR UNEMPLOYMENT CLAIMS

The Organization participates in the Joint Unemployment Compensation Trust, which administers and pays claims for unemployment compensation made by the Organization's former employees. Participating agencies are required to establish a reserve account based on actual claims experience and payroll size, against possible unemployment claims. The reserve is reduced by claims paid, its allocated share of trust operating expenses, and increased by the Organization's contributions and its share of allocated investment income. Stop loss insurance is provided to take care of major claims.

NOTE J – LINE OF CREDIT

The Organization has a revolving line of credit of $1,275,000 with Boston Private Bank & Trust with a maturity date of September 30, 2014. The line of credit is secured by a Deed of Trust. Interest is payable in monthly installments on the unpaid principal balance at .5 percentage points over the prime rate as published in the Wall Street Journal. The interest rate at June 30, 2013 was 3.25%. There was no balance due on the line of credit at June 30, 2013.

NOTE K– DEFERRED REVENUE

At June 30, 2013, the Organization's deferred revenue consisted of the following:

Child Care	$	80,145
Financial Empowerment		176,660
Older Adults		80,337
Operations		2,971
	$	340,113

NOTE L – CHILD CARE RESERVE

Child development contractors with the California Department of Education (CDE) are allowed, with prior approval, to maintain a reserve account from earned but unexpended child development contract funds. Transfers from a reserve account are considered restricted income for child development programs, but may be applied to any of the contracts that are eligible to contribute to that particular program type. The Organization maintains reserve accounts for Center-Based contracts. Funds for these contracts are deposited in an interest bearing account. The balance for the reserve account at June 30, 2013 totaled $0.

NOTE M– NOTES PAYABLE

At June 30, 2013, notes payable consisted of the following:

Note payable to San Mateo County, secured by a deed of trust with principal and interest at 0.91% due in monthly installments of $2,502, with a maturity date of August 31, 2017.	$	530,524

NOTE M– NOTES PAYABLE – (Continued)

Subtotal previous page:	530,524
Note payable to Silicon Valley Community Foundation, secured by deed of trust, with principal and interest at 3% due in annual installments of $80,791 with a maturity date of March 1, 2015.	154,591
	685,115
Less current portion	101,458
	$ 583,657

Future principal maturities on notes payable are as follows:

June 30:	San Mateo County	Silicon Valley Comm. Fndtn.	Total
2014	$ 25,305	$ 76,153	$ 101,458
2015	25,536	78,438	103,974
2016	25,769	-	25,769
2017	25,985	-	25,985
2018	427,929	-	427,929
Thereafter	-	-	-
	$ 530,524	$ 154,591	$ 685,115

NOTE N – NUTRITION PROGRAMS

The Organization has a nutrition agreement with CDE for Child and Adult Care Food Programs, as reported in the Schedule of Expenditures of Federal and State Awards. No nutrition schedules are included in this audit because the audit is not a program-specific nutrition audit, and no program findings or adjustments were calculated with this audit.

NOTE O – RETIREMENT PLAN

The Organization maintains a retirement plan available for its employees that allows participants to make self-directed, tax deferred investment contributions. The plan qualifies under the provisions of Section 403 (b) of the Internal Revenue Code of 1954, as amended. The Organization makes no contributions to the Plan.

NOTE P – COST ALLOCATION PLAN

Peninsula Family Service updates its cost allocation plans annually or more frequently when changes are needed in program enrollment or other cost drivers. The cost allocation plan is reviewed by the Organization's auditors for compliance with applicable laws and regulations. The Organization obtains approval of the cost allocation plan form its Board of Directors. Its written cost allocation plan is on file in the Organization's main accounting office. The Organization applies several methods for allocating costs:

Direct Costs - Costs identified 100 per cent to a specific program are charged directly to that program.

Shared Direct Costs – Costs identified to specific multiple programs or activities are shared between the programs benefitting.

- Payroll costs are allocated using individual time sheets that report the actual time spent by employees in each program each day.
- Rent and associated utilities, and maintenance, are allocated using the square footage of building space occupied by each program, according to floor plans, and/or room measurements.
- Training costs for staff members are allocated to programs in proportion to the actual time employees spend working in those programs.
- IT and computer related expenses are allocated to the programs in proportion to the number of computers in use or assigned to each program.
- Audit, payroll processing fees, office supplies, copier maintenance, telephone, postage, and insurance costs are allocated to individual programs, based on the total expenses of each department as a percentage of total Organization expenses or the number of employees in the program.

Indirect Costs - Management, Accounting and Human Resources costs (Overhead Allocation) are pooled and then allocated to individual programs (less In-Kind expenses, depreciation and capital acquisitions) based on the percentage of each department's total expenses as a percentage of total Organization expenses.

NOTE Q – TRANSFERS

Transfers represent the utilization of unrestricted funds to cover program restricted deficits and the transfer of current period income (under operation of agreement) from endowment to the general fund.

NOTE R – ACQUISITION OF BAYSHORE CHILD CARE SERVICES

On July 1, 2012, the Organization acquired Bayshore Child Care Services (the Agency), a non-profit public benefit corporation. The Agency was formed to promote, stimulate, and assist the growth and development of children and other persons in need. Subsequent to that date, the Organization retained the Agency's management staff to assist in the winding down of the administrative operations.

The primary reasons for the acquisition were the retirement of the Agency's Executive Director and the increasing difficulty of operating the center-based child care facilities on a break-even basis. The Organization has been providing quality child care for many years, and has the required skill set and experience to continue providing the child care to those previously served the Agency.

In conjunction with the acquisition, liabilities were assumed and a contribution was received from the Agency:

Cash received	$	140,444
Fair value of furniture, equipment, and leasehold improvements		523,115
Total assets		663,559
Accounts payable assumed	$	13,094
Woodlawn grant advance		20,000
Total liabilities		33,094
Net fair value of assets received		630,465
Total liabilities and net assets	$	663,559

For the year ended June 30,2013 The Organization paid all the related accounts payable and expended $ 18,000 of the Woodlawn grant which is reported in the Statement of Activities as Restricted Support.

NOTE S – COMMITMENTS AND CONTINGENCIES

Commitments

The Organization conducts some of its operations on leased premises. Future obligations on non-cancelable leases are as follows:

Year Ending June 30:	
2014	$ 151,173
2015	132,684
2016	37,800
2017	38,783
2018	39,791
	$ 400,231

Total rent expense for the year ended June 30, 2013 was $ 222,059.

Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization's management is of the opinion that the organization has complied with the terms of all grants.

Various lawsuits, claims, and other contingent liabilities arise in the ordinary course of the Organization's activities. Management believes that any resulting liability will not materially effect the financial position or operations of the Organization.

The Organization has evaluated their financial position and activities from the June 30, 2013 year end of this report through November XX, 2013 which is the date that the financial statements were available to be issued. No material subsequent event items that require recognition or disclosure were identified.

ADDITIONAL INFORMATION

PENINSULA FAMILY SERVICE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2013

Grantor / Pass-Through Grantor / or Program Title	Federal CFDA Number	Entity Identifying Number	Grant Award Amount			Revenue Earned / Expenditures		
			Federal	State	Total	Federal	State	Total
U.S. Department of Agriculture:								
Pass-Through Program From:								
State Department of Education -								
Child Care Food Program - Center	10.558	41-1664-1A	$ 276,490	$ 14,904	$ 291,394	$ 276,490	$ 14,904	$ 291,394
San Mateo County-								
Senior Farmer's Market Nutrition Program	10.576	N/A	1,840	-	1,840	1,840	-	1,840
			278,330	14,904	293,234	278,330	14,904	293,234
U.S. Department of Health & Human Services:								
Early Head Start (9/30/11 - 12/31/12)	93.600	09CH9089/01	1,346,618	-	1,346,618	1,346,618	-	1,346,618
Early Head Start (1/1/13 - 12/31/13)	93.600	09CH9089/02	1,023,369	-	1,023,369	511,298	-	511,298
Pass-Through Program From:								
California Department of Education-								
General Child Care Center	93.596	CCTR - 2279	339,850	1,143,482	1,483,332	339,850	1,143,482	1,483,332
State Preschool	--	CSPP - 2526	-	1,403,493	1,403,493	-	1,396,118	1,396,118
Renovation and Repair	93.575.	CRPM - 2069	38,548		38,548	14,195		14,195
San Mateo County-								
Title III B: Case Management	93.044	N/A	36,214	-	36,214	36,214	-	36,214
Title III B: Employment	93.044	N/A	17,972	-	17,972	17,972	-	17,972
Title III C1: Nutrition	93.045	N/A	28,127	-	28,127	28,127	-	28,127
Title III C1 NSIP: Nutrition	93.053	N/A	3,817	-	3,817	3,817	-	3,817
Title III B: Peer Counseling	93.044	N/A	10,000	-	10,000	10,000	-	10,000
			2,844,515	2,546,975	5,391,490	2,308,091	2,539,600	4,847,691
U.S. Department of Labor:								
Pass-Through Program From:								
National Council on Aging-								
Senior Comm. Service Employment Program	17.235	AD-21841-1155A-11-31	1,252,336	-	1,252,336	1,252,336	-	1,252,336
California Dept. of Aging-								
Older American Act: Title V - SCSEP	17.235	TV-1213-08	157,597	-	157,597	155,230	-	155,230
			1,409,933	-	1,409,933	1,407,566	-	1,407,566
U.S. Department of Transportation:								
Pass-Through Program From:								
Metropolitan Transportation Commission (MTC)-								
Transportation	20.516	N/A	113,246	-	113,246	80,097	-	80,097
Total Federal and State Awards			$ 4,646,024	$ 2,561,879	$ 7,207,903	$ 4,074,084	$ 2,554,504	$ 6,628,588

Note 1. Basis of Presentation:

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of **Peninsula Family Service** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

PENINSULA FAMILY SERVICE
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
(With Comparative Totals for 2012)

ASSETS	Management/ General	Endowment	Loan Fund	Building Fund	Total All Funds 2013	Total All Funds 2012
CURRENT ASSETS						
Cash and Cash Equivalents	$ 260,959	$	$ 343,856	$	$ 604,815	$ 1,192,828
Short-Term Cash Investments			22,495		22,495	113,832
Current Portion of Pledges Receivable		21,585			21,585	20,807
Accounts and Grants Receivable	1,209,730				1,209,730	694,500
Prepaid Expenses	142,296				142,296	142,959
Total Current Assets	1,612,985	21,585	366,351	-	2,000,921	2,164,926
RESTRICTED CASH		62			62	16
LONG-TERM INVESTMENTS		1,530,724		82,727	1,613,451	1,462,821
LONG-TERM PLEDGES RECEIVABLE		69,721			69,721	91,306
PROPERTY & EQUIPMENT	714			5,753,193	5,753,907	5,505,612
ASSETS RESERVED:						
Unemployment Claims	15,655				15,655	13,587
REFUNDABLE DEPOSITS	10,960				10,960	10,960
Subtotal Assets	1,640,314	1,622,092	366,351	5,835,920	9,464,677	9,249,228
Temporarily Restricted Adjustment	24,353	-	-	-	24,353	-
TOTAL ASSETS	$ 1,664,667	$ 1,622,092	$ 366,351	$ 5,835,920	$ 9,489,030	$ 9,249,228
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Line of Credit	$	$	$	$	$ -	$ -
Current Portion of Notes Payable				101,458	101,458	99,011
Accounts Payable and Accrued Expenses	580,052				580,052	573,246
Due to/from Other Funds	(3,589,156)	18,849	214,375	3,355,932	-	-
Due to Funder					-	-
Deferred Revenue	340,113				340,113	332,950
Reserve for State Department of Education					-	-
Other Reserves	36,689				36,689	36,689
Total Current Liabilities	(2,632,302)	18,849	214,375	3,457,390	1,058,312	1,041,896
NOTES PAYABLE				583,657	583,657	685,115
RESERVE FOR LOAN GUARANTEES			151,976		151,976	168,970
RESERVE FOR FUTURE UNEMPLOYMENT CLAIMS	15,655				15,655	13,587
COMMITMENTS & CONTINGENCIES						20,000
NET ASSETS						
Property and Equipment				1,794,873	1,794,873	1,800,811
Unrestricted	4,256,961				4,256,961	4,027,421
Endowment - Permanently Restricted		1,258,210			1,258,210	1,228,772
Endowment - Temporarily Restricted		345,033			345,033	262,656
Total Net Assets	4,256,961	1,603,243	-	1,794,873	7,655,077	7,319,660
Subtotal Liabilities & Net Assets	1,640,314	1,622,092	366,351	5,835,920	9,464,677	9,249,228
Temporarily Restricted Adjustment		24,353			24,353	-
TOTAL LIABILITIES & NET ASSETS	$ 1,640,314	$ 1,646,445	$ 366,351	$ 5,835,920	$ 9,489,030	$ 9,249,228

PENINSULA FAMILY SERVICE

COMBINING STATEMENT OF SUPPORT, REVENUE AND EXPENDITURES AND CHANGE IN NET ASSETS

YEAR ENDED JUNE 30, 2013

	Administration	Child Care	Older Adults	Visitation Center	Financial Empowerment	Buildings & Building Fund	Endowment Fund	Total All Funds
PUBLIC SUPPORT AND REVENUE								
Early Head Start	$ -	$ 1,083,025	$ -	$ -	$ -	$ -	$ -	$ 1,083,025
California Department of Education	-	3,185,039	-	-	-	-	-	3,185,039
Superior Court	-	-	-	12,274	-	-	-	12,274
California Department of Aging	-	-	-	-	155,230	-	-	155,230
County of San Mateo	-	488,898	392,506	-	17,972	-	-	899,376
National Council on Aging	-	-	-	-	1,252,336	-	-	1,252,336
Other Governmental Grants	-	436,633	296,137	-	80,097	-	-	812,867
Contributions	1,317,212	136,750	158,101	-	25,833	-	29,438	1,667,334
Contributions - In-kind	36,801	29,561	129,400	-	442,207	-	-	637,969
Fees - Program Services	-	501,297	10,427	2,284	2,295	-	-	516,303
Realized Gain/(Loss)	-	-	-	-	-	-	-	-
Unrealized Gain/(Loss)	-	-	-	-	-	8,357	123,571	131,928
Interest & Investment Income	474	-	-	-	374	2,191	34,266	37,305
Other Income	25,795	70,347	98,379	-	153,509	8,001	-	356,031
Total Public Support and Revenue	1,380,282	5,931,550	1,084,950	14,558	2,129,853	18,549	187,275	10,747,017
EXPENDITURES								
Salaries and wages	915,466	3,317,715	538,800	12,169	1,269,200	31,905	-	6,085,255
Payroll taxes	65,900	245,010	40,376	1,162	96,597	2,244	-	451,289
Employee benefits	82,537	717,950	55,474	2,174	70,808	3,976	-	932,918
Outside services	397,446	419,573	69,034	-	27,865	-	-	913,918
Supplies	9,808	507,707	92,140	-	13,342	7	-	623,004
Telephone	2,027	37,610	4,373	-	7,847	-	-	51,858
Postage & Printing	21,425	6,530	1,148	-	13,645	-	-	42,748
Occupancy	555	317,645	-	-	29,175	119,426	-	466,801
Insurance	7,372	55,762	7,908	-	16,677	-	-	87,719
Travel	2,943	15,568	8,987	-	8,043		-	35,541
Staff & board development	9,163	23,925	2,434	-	2,142	-	-	37,664
Depreciation	1,618	51,441	-	-	-	221,760	-	274,819
Interest expense	-	-	-	-	-	11,068	-	11,068
Other	223,626	76,222	24,409	312	46,017	4,711	-	375,298
Capital acquisitions	-	14,195	-	-	-	-		14,195
In-kind Expense	36,801	29,562	129,400	-	442,207	-	-	637,970
	1,776,688	5,836,415	974,483	15,817	2,043,565	395,097	-	11,042,065
Allocation of Administrative and Support Expenditures (Note A)	(1,001,234)	977,084	144,892	2,712	271,643	(395,097)	-	-
Total Expenditures	775,454	6,813,499	1,119,375	18,529	2,315,208	-	-	11,042,065
CHANGE IN NET ASSETS	604,828	(881,949)	(34,425)	(3,971)	(185,355)	18,549	187,275	(295,048)
TRANSFERS (Note Q)	(1,034,332)	881,949	34,425	3,971	185,355	-	(71,368)	-
EXCESS OF ASSETS ACQUIRED OVER LIABILITIES ASSUMED IN DONATION OF AGENCY (Note R)	630,465	-	-	-	-	-	-	630,465
NET ASSETS, beginning of year	4,026,908	-	-	-	(8,164)	1,813,580	1,487,336	7,319,660
Subtotal	4,227,869	-	-	-	(8,164)	1,832,129	1,603,243	7,655,077
APPLICATION OF SFAS 117	-	24,353	-	-	-	-	-	24,353
NET ASSETS, end of year	$ 4,227,869	$ 24,353	$ -	$ -	$ (8,164)	$ 1,832,129	$ 1,603,243	$ 7,679,430

PENINSULA FAMILY SERVICE

COMBINING STATEMENT OF SUPPORT, REVENUE AND EXPENDITURES AND CHANGE IN NET ASSETS

ADMINISTRATIVE FUNDS

YEAR ENDED JUNE 30, 2013

	Management/ General	Fund Development	Accounting	Information Technology	Total All Administrative
PUBLIC SUPPORT AND REVENUE					
Early Head Start	$	$	$	$	$ -
California Department of Education					-
Superior Court					-
California Department of Aging					-
County of San Mateo					-
National Council on Aging					-
Other Governmental Grants					-
Contributions		1,317,212			1,317,212
Contributions - In-kind	36,801				36,801
Fees - Program Services					-
Rental Income					-
Realized Gain/(Loss)					-
Unrealized Gain/(Loss)					-
Interest & Investment Income	474				474
Other Income	5,795	20,000			25,795
					-
Total Public Support and Revenue	43,070	1,337,212	-	-	1,380,282
EXPENDITURES					
Salaries and wages	333,115	281,877	283,774	16,700	915,466
Payroll taxes	24,102	20,658	19,945	1,195	65,900
Employee benefits	27,769	23,919	29,119	1,730	82,537
Outside services	231,198	94,179	18,558	53,511	397,446
Supplies	946	2,399	5,327	1,136	9,808
Telephone	510	809	708		2,027
Postage & Printing	2,358	18,846	207	14	21,425
Occupancy	555				555
Insurance	1,781	2,634	2,301	656	7,372
Travel	2,061	630	252		2,943
Staff & board development	6,560	1,040	1,563		9,163
Depreciation	741			877	1,618
Interest expense					-
Other	127,104	86,560	4,518	5,444	223,626
Capital acquisitions					
In-kind Expense	36,801				36,801
	795,601	533,552	366,272	81,263	1,776,688
Allocation of Administrative and Support Expenditures (Note A)	(645,178)	91,479	(366,272)	(81,263)	(1,001,234)
Total Expenditures	150,423	625,031	-	-	775,454
CHANGE IN NET ASSETS	(107,353)	712,181	-	-	604,828
TRANSFERS (Note Q)	(1,034,332)		-		(1,034,332)
EXCESS OF ASSETS ACQUIRED OVER LIABILITIES ASSUMED IN DONATION OF AGENCY (Note R)	630,465				630,465
NET ASSETS, beginning of year	1,294,017	2,732,891	-	-	4,026,908
Subtotal	782,797	3,445,072	-	-	4,227,869
APPLICATION OF SFAS 117					-
NET ASSETS, end of year	$ 782,797	$ 3,445,072	$ -	$ -	$ 4,227,869

PENINSULA FAMILY SERVICE
COMBINING STATEMENT OF SUPPORT, REVENUE AND EXPENDITURES AND CHANGE IN NET ASSETS
CHILD CARE FUNDS
YEAR ENDED JUNE 30, 2013

	Early Learning CDC	Leo Ryan Center	Midway	Mission	Our Second H.	Parkview	87th	Club	Haven	First Step	Redwood CDC	Home-based	EHS Admin.	Child Care Admin.	Bayshore Admin.	Total All Child Care
PUBLIC SUPPORT AND REVENUE																
Early Head Start	$ 224,240	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 92,921	$ 84,985	$ 195,819	$ 172,012	313,048			1,083,025
California Department of Education	535,647	445,170	774,481	333,162	1,803	355,138	103,689	200,754	159,431	175,627	100,137				$ -	3,185,039
Superior Court																-
California Department of Aging																-
County of San Mateo	98,473		89,562		50,476		250,387									488,898
National Council on Aging																-
Other Governmental Grants			6,903	17,280			578		103,960	103,150	204,762					436,633
Contributions	3,207	33,652	12,394					18,732	16,248	2,058	5,276			26,001	19,182	136,750
Contributions - In-kind		1,224							8,400	7,704	12,233					29,561
Fees - Program Services	20,334	65,752	101,830	24,323	3,986	31,858	30,984	221,554	676							501,297
Rental Income																-
Realized Gain/(Loss)																-
Unrealized Gain/(Loss)																-
Interest & Investment Income																-
Other Income	18,536	400	4,259	14,870	807	1,830	1,815	2,661	14,446	4				9,771	948	70,347
Total Public Support and Revenue	900,437	546,198	989,429	389,635	57,072	388,826	387,453	443,701	396,082	373,528	518,227	172,012	313,048	35,772	20,130	5,931,550
EXPENDITURES																
Salaries and wages	432,535	357,564	539,509	235,479	35,102	217,049	198,244	232,412	209,029	227,289	283,801	112,325	216,504	20,873		3,317,715
Payroll taxes	32,300	27,316	39,482	17,278	2,617	15,839	13,973	17,500	15,544	16,376	21,113	8,490	15,604	1,578		245,010
Employee benefits	100,226	68,346	125,793	53,901	2,915	53,051	50,774	41,899	47,445	49,329	63,956	22,849	36,091	1,375		717,950
Outside services	90,176	5,322	51,367	33,800	487	11,582	4,742	3,463	59,147	44,580	86,404	833	9,670		18,000	419,573
Supplies	71,592	56,200	119,662	40,449	3,246	49,339	45,383	25,365	29,549	32,733	23,727	4,579	5,006	877		507,707
Telephone	3,266	1,106	12,665	6,191	618	4,802	4,260	1,106	190	190	1,313	1,181	722			37,610
Postage & Printing	647	777	1,135	690	59	331	284	590	339	258	804	274	342			6,530
Occupancy	3,774	18,539	87,618	57,826	5,381	78,636	47,424	18,308	83	30	26					317,645
Insurance	7,892	6,991	9,030	6,781	26	3,614	2,835	4,690	2,257	2,791	5,162	1,348	2,345			55,762
Travel		204	586	349	276	353	291	204	800	185	3,589	6,343	2,388			15,568
Staff & Board Development	5,230	193	239	199	132	186	184	253	211	350	228	8,482	8,038			23,925
Depreciation			25,258	14,929		9,503	1,751									51,441
Interest expense																-
Other	10,587	5,824	11,197	6,296	425	2,664	2,622	8,046	3,518	6,399	9,856	2,812	5,976			76,222
Capital acquisitions	14,195															14,195
In-kind Expense		1,224							8,400	7,704	12,234					29,562
	772,420	549,606	1,023,541	474,168	51,284	446,949	372,767	353,836	376,512	388,214	512,213	169,516	302,686	24,703	18,000	5,836,415
Allocation of Administrative and Support Expenditures (Note A)	130,000	94,022	171,107	78,851	8,793	75,001	63,609	60,666	63,114	65,239	85,722	29,064	51,896	-	-	977,084
Total Expenditures	902,420	643,628	1,194,648	553,019	60,077	521,950	436,376	414,502	439,626	453,453	597,935	198,580	354,582	24,703	18,000	6,813,499
CHANGE IN NET ASSETS	(1,983)	(97,430)	(205,219)	(163,384)	(3,005)	(133,124)	(48,923)	29,199	(43,544)	(79,925)	(79,708)	(26,568)	(41,534)	11,069	2,130	(881,949)
TRANSFERS (Note Q)	1,983	97,430	205,219	163,384	3,005	133,124	48,923	(29,199)	43,544	79,925	79,708	26,568	41,534	(11,069)	(2,130)	881,949
NET ASSETS, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,353
APPLICATION OF SFAS 117	24,353	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
NET ASSETS, end of year	$ 24,353	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	24,353

PENINSULA FAMILY SERVICE
COMBINING STATEMENT OF SUPPORT, REVENUE AND EXPENDITURES AND CHANGE IN NET ASSETS
OLDER ADULTS FUNDS
YEAR ENDED JUNE 30, 2013

	Peer Counseling	Circle of Care	Nutrition Fair Oaks	Wellness	Case Mgmt.	Total All Funds
PUBLIC SUPPORT AND REVENUE						
Early Head Start	$	$	$	$	$	-
California Department of Education						-
Superior Court						-
California Department of Aging						-
County of San Mateo	293,140		63,152		36,214	392,506
National Council on Aging						-
Other Governmental Grants		281,137	15,000			296,137
Contributions			41,988	116,113		158,101
Contributions - In-kind			92,684	26,226	10,490	129,400
Fees - Program Services			7,802	2,625		10,427
Rental Income						-
Realized Gain/(Loss)						-
Unrealized Gain/(Loss)						-
Interest & Investment Income						-
Other Income	108	2,000	623	95,648		98,379
Total Public Support and Revenue	293,248	283,137	221,249	240,612	46,704	1,084,950
EXPENDITURES						
Salaries and wages	184,789	176,793	53,762	99,067	24,389	538,800
Payroll taxes	14,045	13,011	3,956	7,437	1,927	40,376
Employee benefits	14,340	12,572	12,405	12,984	3,173	55,474
Outside services	15,038	32,305	533	21,063	95	69,034
Supplies	4,167	30,939	46,622	10,165	247	92,140
Telephone	1,037	952	718	1,293	373	4,373
Postage & Printing	554	231	73	267	23	1,148
Occupancy						-
Insurance	4,630	112	1,015	1,819	332	7,908
Travel	1,645	3,781		3,527	34	8,987
Staff & board development	2,225		159	50		2,434
Depreciation						-
Interest expense						-
Other	8,300	2,421	4,555	7,774	1,359	24,409
Capital acquisitions						
In-kind Expense			92,684	26,226	10,490	129,400
	250,770	273,117	216,482	191,672	42,442	974,483
Allocation of Administrative and Support Expenditures (Note A)	42,996	46,827	21,226	28,365	5,478	144,892
Total Expenditures	293,766	319,944	237,708	220,037	47,920	1,119,375
CHANGE IN NET ASSETS	(518)	(36,807)	(16,459)	20,575	(1,216)	(34,425)
TRANSFERS (Note Q)	518	36,807	16,459	(20,575)	1,216	34,425
NET ASSETS, beginning of year	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
APPLICATION OF SFAS 117						-
NET ASSETS, end of year	$ -	$ -	$ -	$ -	$ -	$ -

PENINSULA FAMILY SERVICE
COMBINING STATEMENT OF SUPPORT, REVENUE AND EXPENDITURES AND CHANGE IN NET ASSETS
VISITATION CENTER FUNDS
YEAR ENDED JUNE 30, 2013

	Family Center	RWC Waiting Room	Visitation Center
PUBLIC SUPPORT AND REVENUE			
Early Head Start	$	$	$ -
California Department of Education			
Superior Court	1,701	10,573	12,274
California Department of Aging			-
County of San Mateo			-
National Council on Aging			-
Other Governmental Grants			-
Contributions			-
Contributions - In-kind			-
Fees - Program Services	2,284		2,284
Rental Income			-
Realized Gain/(Loss)			-
Unrealized Gain/(Loss)			-
Interest & Investment Income			-
Other Income			-
Total Public Support and Revenue	3,985	10,573	14,558
EXPENDITURES			
Salaries and wages	6,019	6,150	12,169
Payroll taxes	571	591	1,162
Employee benefits	354	1,820	2,174
Outside services			-
Supplies			-
Telephone			-
Postage & Printing			-
Occupancy			-
Insurance			-
Travel			-
Staff & board development			-
Depreciation			-
Interest expense			-
Other	312		312
Capital acquisitions			-
In-kind Expense			-
	7,256	8,561	15,817
Allocation of Administrative and Support Expenditures (Note A)	1,244	1,468	2,712
Total Expenditures	8,500	10,029	18,529
CHANGE IN NET ASSETS	(4,515)	544	(3,971)
TRANSFERS (Note Q)	4,515	(544)	3,971
NET ASSETS, beginning of year	-	-	-
Subtotal	-	-	-
APPLICATION OF SFAS 117			-
NET ASSETS, end of year	$ -	$ -	$ -

PEINISULA FAMILY SERVICE
COMBINING STATEMENT OF SUPPORT, REVENUE AND EXPENDITURES AND CHANGE IN NET ASSETS
FINANCIAL EMPOWERMENT
YEAR ENDED JUNE 30, 2013

	Finaical Empowerment	Finaical Empowerment Santa Clara	NCOA	CDA	Title IIIB	Total All Financial Empowerment
PUBLIC SUPPORT AND REVENUE						
Early Head Start	$ -	$ -	$ -	$ -	$ -	$ -
California Department of Education						-
Superior Court						-
California Department of Aging				155,230		155,230
County of San Mateo					17,972	17,972
National Council on Aging			1,252,336			1,252,336
Other Governmental Grants		80,097				80,097
Contributions	1,500	8,333	16,000			25,833
Contributions - In-kind	140,379	119,641	158,410	22,507	1,269	442,207
Fees - Program Services	1,715	580				2,295
Rental Income						-
Realized Gain/(Loss)						-
Unrealized Gain/(Loss)						-
Interest & Investment Income	360		14			374
Other Income	112,690	33,319	7,500			153,509
Total Public Support and Revenue	256,645	241,970	1,434,260	177,737	19,241	2,129,853
EXPENDITURES						
Salaries and wages	65,133	65,630	1,000,766	126,603	11,068	1,269,200
Payroll taxes	4,821	4,973	76,332	9,657	813	96,597
Employee benefits	6,419	5,323	48,107	9,564	1,394	70,808
Outside services	1,522	12,971	10,872	2,454	46	27,865
Supplies	730	987	9,048	2,524	54	13,342
Telephone	176	616	5,814	1,217	25	7,847
Postage & Printing	1,450	2,909	8,726	554	6	13,645
Occupancy		7,610	21,565			29,175
Insurance	577	490	13,483	2,047	79	16,677
Travel	10	629	7,405			8,043
Staff & board development	943	1,156	43			2,142
Depreciation						-
Interest expense						-
Other	18,472	5,552	16,383	2,572	3,038	46,017
Capital acquisitions						-
In-kind Expense	140,379	119,641	158,410	22,507	1,269	442,207
	240,631	228,487	1,376,953	179,701	17,792	2,043,565
Allocation of Administrative and Support Expenditures (Note A)	14,275	18,662	208,922	26,951	2,833	271,643
Total Expenditures	254,906	247,149	1,585,875	206,652	20,625	2,315,208
CHANGE IN NET ASSETS	1,738	(5,179)	(151,615)	(28,915)	(1,384)	(185,355)
TRANSFERS (Note Q)	(1,738)	5,179	151,615	28,915	1,384	185,355
NET ASSETS, beginning of year	(7,846)	(318)				(8,164)
Subtotal	(7,846)	(318)	-	-	-	(8,164)
APPLICATION OF SFAS 117						-
NET ASSETS, end of year	(7,846)	(318)	-	-	-	(8,164)

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*

November XX, 2012

Board of Directors
Peninsula Family Service
San Mateo, California

We have audited, 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, the financial statements of **Peninsula Family Service**, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November XX, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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*

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

Purpose of this Report

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

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Certified Public Accountants, Inc.
Novato, California

Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance

Independent Auditor's Report

November XX, 2012

Board of Directors
Peninsula Family Service
San Mateo, California

Report on Compliance for Each Major Federal Program

We have audited **Peninsula Family Service's** compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Peninsula Family Service**'s major federal programs for the year ended June 30, 2013. **Peninsula Family Service**'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **Peninsula Family Service**'s major federal programs based on our audit of the type 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about **Peninsula Family Service**'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Peninsula Family Service**'s compliance.

Opinion on Each Major Federal Program

In our opinion, **Peninsula Family Service** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of **Peninsula Family Service** 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, we considered **Peninsula Family Service**'s internal control over compliance with the types of requirements that could have a direct and material effect on a each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 **Peninsula Family Service**'s 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non compliance 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 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.

Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance

Our consideration of the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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Certified Public Accountants, Inc.
Novato, California

SUPPLEMENTAL REPORTING REQUIREMENTS OF THE CALIFORNIA DEPARTMENT OF EDUCATION

PENINSULA FAMILY SERVICE
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
YEAR ENDED JUNE 30, 2013

		General Child Care CCTR - 2279	Preschool CSPP-2526	Renovation & Repair CRPM - 2069	Non-CDE Operating Programs	Total All Programs
EXPENDITURES						
Direct payments to providers		$ -	$ -	$ -	$ -	$ -
1000	Certificated salaries	760,520	474,317	-	-	1,234,837
2000	Classified salaries	368,677	315,046	-	3,028,013	3,711,736
3000	Employee benefits	347,883	253,623	-	493,703	1,095,209
4000	Books and supplies	364,284	318,954	-	115,297	798,535
5000	Services and other operating expenses	541,221	401,285	-	972,205	1,914,711
6100/6200	Other approved capital outlay	-	-	14,195	-	14,195
6400	New equipment	-	-	-	-	-
6500	Replacement equipment	-	-	-	-	-
Depreciation on assets not purchased with public funds		-	-	-	-	-
					274,819	274,819
Start-up expenses - service level exemption		-	-	-	-	-
Indirect costs		-	-	-	-	-
Total expenses claimed for reimbursement		2,382,585	1,763,225	14,195	4,884,037	9,044,042
Supplemental expenses (Non-CDE Programs)		1,307,769	690,254			1,998,023
Total Expenditures		$ 3,690,354	$ 2,453,479	$ 14,195	$ 4,884,037	$ 11,042,065

NOTE: We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

PENINSULA FAMILY SERVICE

Schedule of Equipment and Improvements Expenditures

Year Ended June 30, 2013

	CCTR - 2279	CSPP - 2526	CRPM - 2069	TOTAL
UNIT COST UNDER $7,500 PER ITEM				
	$ -	$ -	$ -	$ -
Total	-	-	-	-
UNIT COST OVER $7,500 PER ITEM WITH PRIOR WRITTEN APPROVAL				
Removal of rubber tiles			4,800	4,800
Purchase and installation of rubber tiles			9,395	9,395
Total	-	-	14,195	14,195
UNIT COST OVER $7,500 PER ITEM WITHOUT PRIOR APPROVAL				
None				
Total	-	-	-	-
TOTAL EXPENDITURES	$ -	$ -	$ 14,195	$ 14,195

Note: Agency Capitalization Threshold is $5,000 except for replacement items.

PENINSULA FAMILY SERVICE

COMBINING SCHEDULE OF ADMINISTRATIVE COSTS
RELATING TO CALIFORNIA DEPARTMENT OF EDUCATION PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2013

	General Center CCTR-2279	Preschool CSPP-2526
Salaries and wages	$ 161,627	$ 141,667
Payroll taxes	12,231	10,721
Employee benefits	28,109	24,638
Outside services	24,234	21,242
Supplies	18,021	15,795
Telephone	580	508
Postage & Printing	510	447
Occupancy	3,145	2,757
Insurance	2,043	1,790
Travel	785	688
Staff & board development	5,640	4,944
Depreciation	-	-
Interest expense	-	-
Other	6,020	5,277
Capital acquisitions	-	-
In-kind Expense	-	-
Total Administrative Costs	$ 262,946	$ 230,474

AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs

Agency Name: **Peninsula Family Service** Vendor No. **41-B629**

Fiscal Year Ended: **June 30, 2013** Contract No. **CCTR-2279**

Independent Auditor's Name: Randolph Scott & Company, CPA's, Inc.

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
Infants (up to 18 months)					
Full-time-plus	-		-	2.006	-
Full-time	3,663		3,663	1.700	6,227.100
Three-quarters-time	1,758		1,758	1.275	2,241.450
One-half-time	-		-	0.935	-
FCCH Infants (up to 18 months)					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
Toddlers (18 up to 36 months)					
Full-time-plus	-		-	1.652	-
Full-time	14,047		14,047	1.400	19,665.800
Three-quarters-time	3,358		3,358	1.050	3,525.900
On-half-time	229		229	0.770	176.330
Three Years and Older					
Full-time-plus	-		-	1.180	-
Full-time	1,465		1,465	1.000	1,465.000
Three-quarters-time	330		330	0.750	247.500
One-half-time	190		190	0.550	104.500
Exceptional Needs					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
Limited and Non-English Proficient					
Full-time-plus	-		-	1.298	-
Full-time	4,946		4,946	1.100	5,440.600
Three-quarters-time	1,742		1,742	0.825	1,437.150
One-half-time	4,538		4,538	0.605	2,745.490
At Risk of Abuse or Neglect					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
Severely Disabled					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	36,266	-	36,266		43,276.820
DAYS OF OPERATION	247	-	247		
DAYS OF ATTENDANCE	36,168	-	36,168		

☐ NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the

Comments - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs

Agency Name: **Peninsula Family Service** Vendor No. **41-B629**

Fiscal Year Ended: **June 30, 2013** Contract No. **CCTR-2279**

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
Infants (up to 18 months)					
Full-time-plus	-		-	2.006	-
Full-time	-		-	1.700	-
Three-quarters-time	-		-	1.275	-
One-half-time	-		-	0.935	-
FCCH Infants (up to 18 months)					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
Toddlers (18 up to 36 months)					
Full-time-plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
On-half-time	-		-	0.770	-
Three Years and Older					
Full-time-plus	-		-	1.180	-
Full-time	237		237	1.000	237.000
Three-quarters-time	85		85	0.750	63.750
One-half-time	148		148	0.550	81.400
Exceptional Needs					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
Limited and Non-English Proficient					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	69		69	0.605	41.745
At Risk of Abuse or Neglect					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
Severely Disabled					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	539	-	539		423.895

Comments - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs

Agency Name: **Peninsula Family Service** Vendor No **41-B629**

Fiscal Year End: **June 30, 2013** Contract No. **CCTR-2279**

Insert Any Commingled Contract No.

SECTION III - REVENUE	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	COLUMN B AUDIT ADJUSTMENT INCREASE OR (DECREASE)	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED INCOME			
Child Nutrition Programs	$141,575	$0	$141,575
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	$141,575	$0	$141,575
Transfer from Reserve Contract #			0
Contract #			0
Family Fees for Certified Children Contract # CCTR-2279	87,475		87,475
Contract #			0
Interest Earned on Apportionmen Contract #			0
Contract #			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Other (Specify):			0
TOTAL REVENUE	$229,050	$0	$229,050

SECTION IV - REIMBURSABLE EXPENSES			
Direct Payments to Providers (FCCH Only)	$0	$0	$0
1000 Certificated Salaries	760,520		760,520
2000 Classified Salaries	368,677		368,677
3000 Employee Benefits	347,883		347,883
4000 Books and Supplies	364,284		364,284
5000 Services and Other Operating Expenses	541,221		541,221
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (*program-related*)			0
6500 Replacement Equipment (*program-related*)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit Contract #			0
Contract #			0
Indirect Costs. Rate 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	$2,382,585	$0	$2,382,585
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	$262,946	$0	$262,946
FOR CDE-A&I USE ONLY:			

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

☑ YES

☐ NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

☑ YES

☐ NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

☐ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to r

AUDITED ATTENDANCE AND FISCAL REPORT
for Child Development Programs

Agency Name: **Peninsula Family Service** Vendor No. **41-B629**

Fiscal Year End: **June 30, 2013** Contract No. **CCTR-2279**

Insert Any Commingled Contract Number **0**

SECTION V - SUPPLEMENTAL REVENUE	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	COLUMN B AUDIT ADJUSTMENT INCREASE OR (DECREASE)	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT
Enhancement Funding	$1,307,769	$0	$1,307,769
Other (Specify):			0
			0
			0
TOTAL SUPPLEMENTAL REVENUE	$1,307,769	$0	$1,307,769

SECTION VI - SUPPLEMENTAL EXPENSES			
EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	$537,622	$0	$537,622
2000 Classified Salaries	211,079		211,079
3000 Employee Benefits	194,995		194,995
4000 Books and Supplies	186,334		186,334
5000 Services and Other Operating Expenses	176,494	(1)	176,493
6000 Equipment/Other Capital Outlay	1,246		1,246
Depreciation or Use Allowance			0
Indirect Costs			0
Other (Specify):			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
			0
TOTAL SUPPLEMENTAL EXPENSES	$1,307,770	($1)	$1,307,769

COMMENTS - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs
SAN MATEO PILOT

Agency Name: **Peninsula Family Service** Vendor No. **41-B629**

Fiscal Year Ended: **June 30, 2013** Contract No. **CSPP-2526**

Independent Auditor's Name: Randolph Scott & Company, CPA's, Inc.

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
Three and Four Year Olds					
Full-time-plus	-		-	1.180	-
Full-time	4,208		4,208	1.000	4,208.000
Three-quarters-time	1,548		1,548	0.750	1,161.000
One-half-time	82		82	0.580	47.560
Exceptional Needs					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.580	-
Limited and Non-English Proficient					
Full-time-plus	-		-	1.298	-
Full-time	29,139		29,139	1.100	32,052.900
Three-quarters-time	3,573		3,573	0.825	2,947.725
One-half-time	458		458	0.580	265.640
At Risk of Abuse or Neglect					
Full-time-plus	-		-	1.298	-
Full-time	29		29	1.100	31.900
Three-quarters-time	-		-	0.825	-
One-half-time	14		14	0.580	8.120
Severely Disabled					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.580	-
TOTAL DAYS OF ENROLLMENT	39,051	-	39,051		40,722.845
DAYS OF OPERATION	247	-	247		
DAYS OF ATTENDANCE	38,916	-	38,916		

☐ NO NONCERTIFIED CHILDREN - Check this box, omit page 2, and continue to Section III if no noncertified children were enrolled in the

Comments - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs
SAN MATEO PILOT

Agency Name: **Peninsula Family Service** Vendor No. **41-B629**

Fiscal Year Ended: **June 30, 2013** Contract No. **CSPP-2526**

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
Three and Four Year Olds					
Full-time-plus	19		19	1.180	22.420
Full-time	1,170		1,170	1.000	1,170.000
Three-quarters-time	-		-	0.750	-
One-half-time	-		-	0.580	-
Exceptional Needs					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.580	-
Limited and Non-English Proficient					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.580	-
At Risk of Abuse or Neglect					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.580	-
Severely Disabled					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.580	-
TOTAL DAYS OF ENROLLMENT	1,189	-	1,189		1,192.420

Comments - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs
SAN MATEO PILOT

Agency Name: **Peninsula Family Service** Vendor No. **41-B629**

Fiscal Year End: **June 30, 2013** Contract No. **CSPP-2526**

SECTION III - REVENUE	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM	COLUMN B AUDIT ADJUSTMENT INCREASE OR (DECREASE)	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED INCOME			
Child Nutrition Programs	$133,221	$0	$133,221
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Subtotal	$133,221	$0	$133,221
Transfer from Reserve Contract #			0
Contract #			0
Family Fees for Certified Children Contract # CSPP-2526	115,515		115,515
Contract #			0
Interest Earned on Apportionmen Contract #			0
Contract #			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	57,837	1	57,838
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
TOTAL REVENUE	$306,573	$1	$306,574
SECTION IV - REIMBURSABLE EXPENSES			
1000 Certificated Salaries	$474,317	$0	$474,317
2000 Classified Salaries	315,046		315,046
3000 Employee Benefits	253,623		253,623
4000 Books and Supplies	318,954		318,954
5000 Services and Other Operating Expenses	401,285	1	401,286
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (*program-related*)			0
6500 Replacement Equipment (*program-related*)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	$1,763,225	$1	$1,763,226
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	$230,474	$0	$230,474
FOR CDE-A&I USE ONLY:			

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

☑ YES

☐ NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

☑ YES

☐ NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

☐ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to r

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs
SAN MATEO PILOT

Agency Name: **Peninsula Family Service** Vendor No. **41-B629**

Fiscal Year End: **June 30, 2013** Contract No. **CSPP-2526**

SECTION V - SUPPLEMENTAL REVENUE	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM	COLUMN B AUDIT ADJUSTMENT INCREASE OR (DECREASE)	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT
Enhancement Funding	$690,254	$0	$690,254
Other (Specify):			0
			0
			0
TOTAL SUPPLEMENTAL REVENUE	$690,254	$0	$690,254

SECTION VI - SUPPLEMENTAL EXPENSES			
EXPENSES RELATED TO SUPPLEMENTAL REVEN			
1000 Certificated Salaries	$358,104	$0	$358,104
2000 Classified Salaries	31,877	0	31,877
3000 Employee Benefits	94,003		94,003
4000 Books and Supplies	23,834		23,834
5000 Services and Other Operating Expenses	182,436		182,436
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
NONREIMBURSABLE EXPENSES 6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
			0
TOTAL SUPPLEMENTAL EXPENSES	$690,254	$0	$690,254

COMMENTS - If necessary, attach additional sheets to explain adjustments:

AUDITED FISCAL REPORT
for Child Development CRPM Support Contracts

Agency Name: **Peninsula Family Service** Vendor No. **41-B629**

Fiscal Year End: **June 30, 2013** Contract No. **CRPM-2069**

Contract Term From: **7/1/2012** To: **6/30/2015**

Independent Auditor's Name: Randolph Scott & Company, CPA's, Inc.

SECTION I - REVENUE	COLUMN A1 PRIOR YEAR'S AUD 9529 ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	COLUMN A2 CURRENT FISCAL YEAR PER FORM CDFS 9529	COLUMN B AUDIT ADJUSTMENT INCREASE OR (DECREASE)	COLUMN C CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
RESTRICTED INCOME				
Prorated Portion for Nonsubsidized Enrollment	$0	$0	$0	$0
Other (Specify):				0
				0
				0
Subtotal	$0	$0	$0	$0
INTEREST EARNED ON APPORTIONMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
				0
TOTAL REVENUE	$0	$0	$0	$0
SECTION II - REIMBURSABLE EXPENSES				
1000 Certificated Salaries	$0	$0	$0	$0
2000 Classified Salaries				0
3000 Employee Benefits				0
4000 Books and Supplies				0
5000 Services and Other Operating Expenses				0
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment (*program-related*)				0
6500 Replacement Equipment (*program-related*)		14,195		14,195
Depreciation or Use Allowance				0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable Capital Outlay				0
Other (Specify):				0
				0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT (Subsidized and Nonsubsidized)	$0	$14,195	$0	$14,195
FOR CDE-A&I USE ONLY:				

COMMENTS - If necessary, attach additional sheets to explain adjustments:

☐ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expen

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: **Peninsula Family Service**

Fiscal Year End: **June 30, 2013** Vendor No. **41-B629**

Independent Auditor's Name: Randolph Scott & Company, CPA's, Inc.

RESERVE ACCOUNT TYPE (Check One):

- [x] Center Based
- [ ] Resource and Referral
- [ ] Alternative Payment

	COLUMN A PER AGENCY	COLUMN B AUDIT ADJUSTMENT INCREASE OR (DECREASE)	COLUMN C PER AUDIT
LAST YEAR:			
1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A	$0	$0	$0
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):			
Contract No.	$0	$0	$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	0	0	0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)	$0		$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	$0	$0	$0
THIS YEAR:			
5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)	$0	$0	$0
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
Contract No.	$0	$0	$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Contracts from Reserve Account	0	0	0
7. Ending Balance on June 30, 2013 (column A must agree with this year's CDFS 9530-A, Section IV)	$0	$0	$0

COMMENTS - If necessary, attach additional sheets to explain adjustments:

PENINSULA FAMILY SERVICE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2013

SECTION I: SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

* Material weakness(es) identified? _____ yes __X__ no
* Significant deficiency(ies) identified? _____ yes __X__ none reported
* Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal control over major programs:

* Material weakness(es) identified? _____ yes __X__ no
* Significant deficiency(ies) identified? _____ yes __X__ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? _____ yes __X__ no

Identification of major programs:

Department of Health & Human Services:	
Child Care Cluster	CFDA: 93.596/93.575
Early Head Start	CFDA: 93.600
Department of Labor:	
Senior Community Service Employment Program	CFDA: 17.235
Older American Act: Title V	CFDA: 17.235

Dollar threshold used to distinguish Type A programs from Type B programs was $300,000.

The Organization qualified as a low-risk auditee in accordance with OMB Circular A-133.

PENINSULA FAMILY SERVICE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

YEAR ENDED JUNE 30, 2013

SECTION II: FINANCIAL STATEMENTS FINDINGS

PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS

None.

SIGNIFICANT DEFICIENCY(IES)

None.

SIGNIFICANT DEFICIENCY(IES) – MATERIAL WEAKNESSES

None.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS

None.

SIGNIFICANT DEFICIENCY(IES)

None.

SIGNIFICANT DEFICIENCY(IES) – MATERIAL WEAKNESSES

None.

QUESTIONED COSTS

None.