

**PENINSULA FAMILY SERVICE**

**REPORT ON EXAMINATION  
OF CONSOLIDATED  
FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

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November 30, 2015

Board of Directors  
**Peninsula Family Service**  
San Mateo, California

## **INDEPENDENT AUDITORS' REPORT**

### ***Report on the Financial Statements***

We have audited the accompanying consolidated financial statements of **Peninsula Family Service**, which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated financial statements.

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

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **Peninsula Family Service**, as of June 30, 2015, 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 consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and the supplemental reporting requirements of the California Department of Education as found on pages 36 through 51, are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 30, 2015 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**  
November 30, 2015

***Report on Summarized Comparative Information***

We have previously audited the **Peninsula Family Service's** 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 10, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Randolph Scott & Co.*

**Certified Public Accountants, Inc.**  
Novato, California

**PENINSULA FAMILY SERVICE & RELATED ENTITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**  
(With Comparative Totals for 2014)

	Peninsula Family Service				Related Entity (Note A)	Total All Funds	
	General	Temporarily Restricted	Permanently Restricted	Subtotal Peninsula Family Service		6/30/2015	Comparative 6/30/2014
<b>ASSETS</b>							
<b>CURRENT ASSETS:</b>							
Cash and Cash Equivalents (Note A)	\$ 156,408	\$ -	\$ -	\$ 156,408	\$ 25,000	\$ 181,408	\$ 133,392
Current Portion of Pledge Receivable (Note E)	-	23,230	-	23,230	-	23,230	22,392
Accounts and Grants Receivable (Note F)	1,374,197	-	-	1,374,197	-	1,374,197	1,537,513
Prepaid Expenses	228,782	-	-	228,782	-	228,782	175,036
Due to / (from) other funds	(70,538)	70,538	-	-	-	-	-
Total Current Assets	1,688,849	93,768	-	1,782,617	25,000	1,807,617	1,868,333
<b>RESTRICTED CASH</b>	-	278	-	278	-	278	262
<b>LONG-TERM INVESTMENTS (Note G)</b>	58,883	256,024	1,396,971	1,711,878	-	1,711,878	1,796,215
<b>LONG-TERM PLEDGE RECEIVABLE (Note E)</b>	-	24,098	-	24,098	-	24,098	47,328
<b>PROPERTY AND EQUIPMENT (Note H)</b>	5,304,969	30,881	-	5,335,850	-	5,335,850	5,551,531
<b>OTHER ASSETS:</b>							
Assets Reserved for Unemployment Claims (Note I)	23,448	-	-	23,448	-	23,448	50,085
Refundable Deposits	2,701	-	-	2,701	-	2,701	2,701
<b>TOTAL ASSETS</b>	<b>\$ 7,078,850</b>	<b>\$ 405,049</b>	<b>\$ 1,396,971</b>	<b>\$ 8,880,870</b>	<b>\$ 25,000</b>	<b>\$ 8,905,870</b>	<b>\$ 9,316,455</b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>CURRENT LIABILITIES:</b>							
Line of Credit (Note J)	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ -
Current Portion of Notes Payable (Note K)	25,769	-	-	25,769	-	25,769	103,974
Current Portion of Capital Lease (Note L)	7,087	-	-	7,087	-	7,087	7,087
Accounts Payable and Accrued Expenses	722,023	-	-	722,023	-	722,023	634,082
Deferred Revenue	213,106	-	-	213,106	-	213,106	325,489
Total Current Liabilities	1,067,985	-	-	1,067,985	-	1,067,985	1,070,632
<b>NOTES PAYABLE (Note K)</b>	<b>453,913</b>	<b>-</b>	<b>-</b>	<b>453,913</b>	<b>-</b>	<b>453,913</b>	<b>479,686</b>
<b>OBLIGATION UNDER CAPITAL LEASE (Note L)</b>	<b>6,201</b>	<b>-</b>	<b>-</b>	<b>6,201</b>	<b>-</b>	<b>6,201</b>	<b>13,288</b>
<b>OTHER LIABILITIES:</b>							
Reserve for Loan Guarantees	14,067	-	-	14,067	-	14,067	112,462
Reserve for Future Unemployment Claims (Note I)	23,448	-	-	23,448	-	23,448	50,085
<b>COMMITMENTS AND CONTINGENCIES (Note Q)</b>							
Total Liabilities	1,565,614	-	-	1,565,614	-	1,565,614	1,726,153
<b>NET ASSETS</b>	<b>5,513,236</b>	<b>405,049</b>	<b>1,396,971</b>	<b>7,315,256</b>	<b>25,000</b>	<b>7,340,256</b>	<b>7,590,302</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,078,850</b>	<b>\$ 405,049</b>	<b>\$ 1,396,971</b>	<b>\$ 8,880,870</b>	<b>\$ 25,000</b>	<b>\$ 8,905,870</b>	<b>\$ 9,316,455</b>

See Notes to Financial Statements.

**PENINSULA FAMILY SERVICE & RELATED ENTITY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**  
(With Comparative Totals for 2014)

	Peninsula Family Service				Related Entity (Note A)	Eliminations	Total All Funds	
	General Unrestricted	Temporarily Restricted	Permanently Restricted	Subtotal Peninsula Family Service			6/30/2015	Comparative 6/30/2014
<b>REVENUE AND SUPPORT</b>								
Grant Income:								
Early Head Start	\$ 1,106,282	\$ -	\$ -	\$ 1,106,282	\$ -	\$ -	\$ 1,106,282	\$ 1,024,638
California Department of Education	3,401,600	-	-	3,401,600	-	-	3,401,600	3,364,672
County of San Mateo	984,265	-	-	984,265	-	-	984,265	908,400
National Council on Aging	1,269,724	-	-	1,269,724	-	-	1,269,724	1,267,936
Other Grants	1,459,800	-	-	1,459,800	-	-	1,459,800	1,303,081
Pledges and Contributions:								
Contributions	1,836,337	-	12,106	1,848,443	25,000	(25,000)	1,848,443	1,927,359
Contributions - In-kind	926,376	-	-	926,376	-	-	926,376	830,135
Investment Income: Interest & Dividends	4,240	95,216	-	99,456	-	-	99,456	83,355
Earned Income: Fees - Program Services	400,585	-	-	400,585	-	-	400,585	406,266
Other Income	178,188	-	-	178,188	-	-	178,188	248,712
Net Assets Released from Restrictions (Note D):								
Satisfaction of Program Restrictions	123,970	(123,970)	-	-	-	-	-	-
Expiration of Time Restrictions	-	(3,489)	-	(3,489)	-	-	(3,489)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>11,691,367</b>	<b>(32,243)</b>	<b>12,106</b>	<b>11,671,230</b>	<b>25,000</b>	<b>(25,000)</b>	<b>11,671,230</b>	<b>11,364,554</b>
<b>EXPENDITURES</b>								
Child Development	6,842,642	-	-	6,842,642	-	-	6,842,642	6,749,641
Older Adults	1,895,963	-	-	1,895,963	-	-	1,895,963	1,569,036
Financial Empowerment	2,039,323	-	-	2,039,323	-	-	2,039,323	2,358,339
Administration & Fund Development	772,182	-	-	772,182	-	-	772,182	688,983
Related Entity	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>11,550,110</b>	<b>-</b>	<b>-</b>	<b>11,550,110</b>	<b>-</b>	<b>-</b>	<b>11,550,110</b>	<b>11,365,999</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>141,257</b>	<b>(32,243)</b>	<b>12,106</b>	<b>121,120</b>	<b>25,000</b>	<b>(25,000)</b>	<b>121,120</b>	<b>(1,445)</b>
<b>NON-OPERATING REVENUE AND EXPENSE:</b>								
Realized Gain/(Loss) on Investments	2,909	68,705	-	71,614	-	-	71,614	108,300
Unrealized Gain/(Loss) on Investments	(6,783)	(166,907)	-	(173,690)	-	-	(173,690)	70,161
Depreciation (Note H)	(290,232)	-	-	(290,232)	-	-	(290,232)	(275,883)
	(294,106)	(98,202)	-	(392,308)	-	-	(392,308)	(97,422)
<b>TOTAL CHANGES TO NET ASSETS:</b>	<b>(152,849)</b>	<b>(130,445)</b>	<b>12,106</b>	<b>(271,188)</b>	<b>25,000</b>	<b>(25,000)</b>	<b>(271,188)</b>	<b>(98,867)</b>
<b>Other Changes to Net Assets:</b>								
Transfers (Note P)	(13,492)	(11,508)	-	(25,000)	-	25,000	-	-
Additions of Restricted Capital Assets (Note A)	-	23,975	-	23,975	-	-	23,975	11,206
Depreciation of Restricted Capital Assets (Note A)	-	(2,833)	-	(2,833)	-	-	(2,833)	(1,467)
<b>NET ASSETS, beginning of year</b>	<b>5,679,577</b>	<b>525,860</b>	<b>1,384,865</b>	<b>7,590,302</b>	<b>-</b>	<b>-</b>	<b>7,590,302</b>	<b>7,679,430</b>
<b>NET ASSETS, end of year</b>	<b>\$ 5,513,236</b>	<b>\$ 405,049</b>	<b>\$ 1,396,971</b>	<b>\$ 7,315,256</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ 7,340,256</b>	<b>\$ 7,590,302</b>

See Notes to Financial Statements.

**PENINSULA FAMILY SERVICE  
& RELATED ENTITY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

	Peninsula Family Service Programs						Related Entity (Note A)	Total All Funds	
	Program Services			Administration and Fund Development		Subtotal Peninsula Family Service		6/30/2015	Comparative 6/30/2014
	Child Development	Older Adults	Financial Empowerment						
<b>EXPENSES</b>									
Operating Expenses:									
Salaries and wages	\$ 3,030,677	\$ 804,659	\$ 1,185,697	\$ 1,193,117	\$	\$ 6,214,150	\$	\$ 6,214,150	\$ 6,216,049
Payroll taxes	263,403	70,676	92,746	97,809		524,634		524,634	582,119
Employee benefits	772,954	94,461	56,879	101,906		1,026,200		1,026,200	921,169
Professional & Outside services	625,249	183,434	33,201	203,500		1,045,384		1,045,384	1,128,748
Supplies	149,956	6,787	4,611	10,284		171,638		171,638	139,408
Food & Refreshments	394,475	80,651	822	9,846		485,794		485,794	522,878
Telephone & Internet	42,129	8,695	10,905	8,268		69,997		69,997	64,340
Postage, Delivery & Printing	9,659	2,272	9,938	26,264		48,133		48,133	38,462
Occupancy	460,696	14,817	42,472	(25,607)		492,378		492,378	467,351
Insurance	58,306	8,341	12,451	16,660		95,758		95,758	88,909
Rental & Maint. of Equipment	30,865	5,124	5,904	38,231		80,124		80,124	47,228
Travel	13,467	24,910	6,328	4,340		49,045		49,045	52,595
Conferences & Trainings	12,936	13,613	570	8,103		35,222		35,222	51,231
Equipment & Improvements	34,210	4,975	985	13,489		53,659		53,659	65,952
Interest & Bank Fees	-	-	76	24,751		24,827		24,827	19,748
Miscellaneous Expense	174,503	61,081	90,593	(119,386)		206,791		206,791	129,677
In-kind Expense (Note A)	153,155	417,637	348,603	6,981		926,376		926,376	830,135
Allocation of Administrative Costs (Note A)	616,002	93,830	136,542	(846,374)		-		-	-
Subtotal Operating Expenses	6,842,642	1,895,963	2,039,323	772,182		11,550,110	-	11,550,110	11,365,999
Non-Operating Expenses:									
Depreciation (Note H)	55,070	-	2,703	232,459		290,232		290,232	275,883
<b>TOTAL EXPENSES</b>	<b>\$ 6,897,712</b>	<b>\$ 1,895,963</b>	<b>\$ 2,042,026</b>	<b>\$ 1,004,641</b>	<b>\$</b>	<b>\$ 11,840,342</b>	<b>\$</b>	<b>\$ 11,840,342</b>	<b>\$ 11,641,882</b>

See Notes to Financial Statements.



**PENINSULA FAMILY SERVICE  
& RELATED ENTITY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

	Peninsula Family Service	Related Entity (Note A)	Total All Funds	
			6/30/2015	Comparative 6/30/2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Change in Net Assets	\$ (271,188)	\$ 25,000	\$ (246,188)	\$ (98,867)
Adjustments to Reconcile Net Revenue & Support to Cash Provided by Operating Activities:				
Depreciation, net of amount charged to net assets	290,232		290,232	275,883
Net Realized and Unrealized (Gain) / Loss on Assets	103,651		103,651	(176,878)
(Increase)/Decrease in Cash Value of Life Insurance Policies	(1,575)		(1,575)	(1,582)
Transfer Unrestricted Net Assets	(25,000)		(25,000)	-
(Increase) / Decrease in Assets:				
Accounts and Grants Receivable	163,316		163,316	(303,429)
Prepaid Expenses	(53,746)		(53,746)	(32,740)
Pledges Receivable	22,392		22,392	21,585
Refundable Deposits	-		-	8,259
Increase / (Decrease) in Liabilities:				
Accounts Payable and Accrued Expenses	87,941		87,941	54,030
Deferred Revenue	(112,383)		(112,383)	(14,624)
Reserve for Loan Guarantees	(98,395)		(98,395)	(39,514)
Total Adjustments	376,433	-	376,433	(209,010)
Net Cash Provided (Used) By Operating Activities:	105,245	25,000	130,245	(307,877)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Net Purchase of Property & Equipment	(53,409)		(53,409)	(63,768)
Purchase of Long-Term Investments	(879,198)		(879,198)	(584,450)
Proceeds Received on Sale of Investments	861,459		861,459	580,146
Reserve for Unemployment Claims	26,637		26,637	(34,430)
Net Cash Provided (Used) By Investing Activities:	(44,511)	-	(44,511)	(102,502)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Net Payments on Notes Payable	(103,978)		(103,978)	(101,455)
New addition to Capital Lease	-		-	21,260
Net Payments on Capital Lease	(7,087)		(7,087)	(885)
Proceeds Received on Line of Credit	450,000		450,000	-
Net Payments on Line of Credit	(350,000)		(350,000)	-
(Increase)/Decrease in Reserve for Unemployment Claims	(26,637)		(26,637)	34,430
Net Cash Provided (Used) By Financing Activities:	(37,702)	-	(37,702)	(46,650)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	23,032	25,000	48,032	(457,029)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	133,654		133,654	590,683
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 156,686	\$ 25,000	\$ 181,686	\$ 133,654
Cash	\$ 156,408	\$ 25,000	\$ 181,408	\$ 133,392
Restricted Cash	278	-	278	262
Total Cash and Cash Equivalents	\$ 156,686	\$ 25,000	\$ 181,686	\$ 133,654
Supplemental cash flow information				
Interest Paid			\$ 8,711	\$ 9,579
In-kind Goods and Services Received in lieu of cash			\$ 926,376	\$ 830,135

See Notes To Financial Statements.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

**Peninsula Family Service**, (the **Organization**) strengthens the community by providing children, families and older adults the support and tools to realize their full potential and lead healthy, stable lives. They envision a community where opportunity, financial stability, and wellness are secured for all. They value respect, adaptability, teamwork, diversity, integrity and compassion. The organization was founded as a nonprofit public benefit corporation in April of 1950. The Organization provides a wide variety of community service programs throughout the San Francisco Bay Area.

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 consolidated financial statements also include the net assets and operations of DriveFoward, LLC, which was founded on February 25, 2015. The **Organization** is the sole member of the LLC.

**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.

*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 to purchase reliable cars who do not have access to conventional credit to maintain their self-sufficiency and employment. 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.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

**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.

**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 consolidated 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 receivables and deferred revenue 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.

**Fair Value Measurements - Investments:**

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 are described below.

Level 1 – As further discussed under the Endowment Policy, the majority of the Organization's investments consist of equity transactions that are classified under Level 1 of the hierarchy. Level 1 assets are those where the inputs used for the valuation methodology are unadjusted, quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

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

**Fair Value Measurements – Investments - (Continued):**

Level 2 – The Organization has no Level 2 assets at this time. Level 2 assets would include those where the inputs used for valuation are for assets traded in less active markets, quoted prices of similar assets, or inputs other than quoted prices that are observable.

Level 3 - Less than 3% of the Organization's investments fall under the Level 3 category. Level 3 assets are those where the inputs used for valuation are unobservable. These assets incorporate certain assumption and projections to determine fair value. These valuations include option pricing models and discounted cash flow models.

Because of the inherent uncertainty of valuation, 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.

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.

**Estimates**

The preparation of consolidated 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.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

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

**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 two major sources that each individually contributed more than 10% of the total revenue for the year. The California Department of Education accounted for approximately 29% and the National Council on Aging accounted for approximately 11% of the total revenue of the Organization.

**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.

**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. Restricted assets purchased with grantor funds which are expensed in the period acquired are recorded in the accompanying balance sheet as an asset, with a corresponding entry to net assets. In order to reflect the decrease in asset value over time, depreciation is charged directly to net assets annually. These assets are restricted to use only in the programs from which they were purchased.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**(With Comparative Totals for 2014)**

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

**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, 2015 were approximately \$184,000.

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.

**Revenue Recognition**

Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. These contributions and gifts are shown as restricted support and revenues if they are subject to time or donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both. However, temporarily restricted contributions and grants are reported as unrestricted support and revenues if the restriction is met in the same year that the gift is received.

Conditional contributions are not recorded as support and revenues until the conditions are met. Payments classified as exchange transactions (reciprocal transfers between two entities in which goods and services of equal value is exchanged) are not recorded as other support and revenue until allowable expenditures are incurred.

**Donated Materials and Services**

Donated materials and services (In-kind) are reflected as contributions in the accompanying statements at their fair market value. 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, supplies, rent, utilities, and legal services. The total in-kind contributions for the year ended June 30, 2015 were approximately \$926,376.

## PENINSULA FAMILY SERVICE

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015  
(With Comparative Totals for 2014)

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

##### Presentation of Expenses

The statement of activities contains information about the costs associated with the Organization's services and how it uses its resources. This results in the expenses being reported by the Organization's major programs after administrative costs have been allocated. The expenses of the Organization as shown by their functional and natural classification are as follows:

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 5,089,344	622,325	\$ 502,481	\$ 6,214,150
Employee Benefits	1,266,876	111,679	73,279	1,451,834
Supplies and Food	637,606	10,000	9,826	657,432
Outside Services	969,685	51,242	24,457	1,045,384
Occupancy	456,430	22,473	13,475	492,378
Other Operating	1,410,940	87,843	136,489	1,635,272
Equip. & Improvements	42,474	10,872	313	53,659
Depreciation	290,232	-	-	290,232
	<u>\$ 10,163,587</u>	<u>\$ 916,434</u>	<u>\$ 760,320</u>	<u>\$ 11,840,341</u>

##### 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 O, certain costs have been allocated among the programs benefited based upon the Organization's cost allocation plan.

##### 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.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

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

**Endowment Fund – (Continued)**

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.

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:



**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**(With Comparative Totals for 2014)**

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

**Endowment Fund – (Continued)**

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. Should either vary more than 5% from the benchmark upon review, the investments will be rebalanced unless otherwise directed by the committee with documentation explaining the rationale behind the decision.

**C. 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.

**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.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
YEAR ENDED JUNE 30, 2015  
(With Comparative Totals for 2014)

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

**Summarized Information for 2014**

The financial information for the year ended June 30, 2014, 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 consolidated financial statements for the year ended June 30, 2014, 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, 2015, temporarily restricted net assets consisted of the following:

Board Designated and Investment Earnings from Endowment	\$	374,168
Restricted Property and Equipment		30,881
	\$	<u>405,049</u>

**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:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, beginning of year	\$ -	\$ 508,748	\$ 1,384,865	\$ 1,893,613

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**(With Comparative Totals for 2014)**

**NOTE C – PERMANENTLY RESTRICTED NET ASSETS – (Continued)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment return:				
Investment income	-	95,216	-	95,216
Realized Gain/(Loss)	-	68,705	-	68,705
Unrealized Gain/(Loss)	-	(166,907)	-	(166,907)
Total investment return	-	(2,986)	-	(2,986)
Contributions			12,106	12,106
Approved Spending for Operations		(120,086)		(120,086)
Transfers In (Out)		(11,508)		(11,508)
Endowment Net Assets, end of year	\$ -	\$ 374,168	\$ 1,396,971	\$ 1,771,139

**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, 2015, temporarily restricted net assets released from donor restrictions were as follows:

Approved Transfer from Endowment for Operations	\$ 120,086
CDE Renovation and Repair CRPM-2069	3,884
CDE Renovation and Repair CRPM-2069 - Unearned	3,489
	<u>\$ 127,459</u>

**NOTE E – PLEDGES RECEIVABLE**

The Organization received pledges from individuals and corporations that will be received through 2016. At June 30, 2015, the Organization's Pledges Receivable consisted of the following:

Pledges for Endowment Fund	\$ 47,328
Less: Current Portion	<u>23,230</u>
Long Term Portion	<u>\$ 24,098</u>

**PENINSULA FAMILY SERVICE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

**NOTE F – ACCOUNTS AND GRANTS RECEIVABLE**

At June 30, 2015, the Organization's Accounts and Grants Receivable consisted of the following:

Accounts Receivable:	
Child Care - Family Fees	\$ 39,198
Employee Receivable	3,999
Other	11,742
Subtotal Accounts Receivable	<u>54,939</u>
Grants Receivable:	
Child Care	901,832
Older Adult	224,210
Financial Empowerment	193,216
Subtotal Grants Receivable	<u>1,319,258</u>
Total Accounts and Grants Receivable	\$ <u>1,374,197</u>

**NOTE G - INVESTMENTS**

**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.

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 consolidated 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 consolidated 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.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE G – INVESTMENTS – (Continued)**

The investments of the Organization have been recorded at fair value at June 30, 2015, and have been categorized based upon a fair value hierarchy.

	June 30, 2015				June 30, 2014
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value	Total Estimated Fair Value
<b>Cash and Money Funds:</b>	<b>\$ 148,052</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 148,052</b>	<b>\$ 180,836</b>
<b>Level 1 Hierarchy:</b>					
<u>Available-for-Sale:</u>					
Closed End Funds	149,480		19,190	130,290	82,944
Mutual Funds	1,336,361	46,007	-	1,382,368	1,482,842
Subtotal	<u>1,485,841</u>	<u>46,007</u>	<u>19,190</u>	<u>1,512,658</u>	<u>1,565,786</u>
<b>Level 3 Hierarchy:</b>					
<u>Available-for-Sale:</u>					
Insurance Annuities	51,168		-	51,168	49,593
Subtotal	<u>51,168</u>	<u>-</u>	<u>-</u>	<u>51,168</u>	<u>49,593</u>
<b>Totals</b>	<b>\$ 1,685,061</b>	<b>\$ 46,007</b>	<b>\$ 19,190</b>	<b>\$ 1,711,878</b>	<b>\$ 1,796,215</b>

During the year ended June 30, 2015, available-for-sale securities were sold for total proceeds of \$861,459. The gross realized gains on these sales totaled \$71,614. For the purpose of determining gross realized gains, the cost of securities sold is based on specific identification. The net unrealized holding losses on securities of (\$173,690), which is the change between the above gross unrealized gains and losses of \$26,817 and the prior year's gross unrealized gain of \$200,507, have been included under investment income in the statement of activities for the year ended June 30, 2015.

The following table presents additional information about Level 3 assets and liabilities measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Fund has classified within the Level 3 category. As a result, the unrealized gains and losses for assets and liabilities within the Level 3 category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable inputs).

# PENINSULA FAMILY SERVICE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015  
(With Comparative Totals for 2014)

### NOTE G – INVESTMENTS – (Continued)

Changes in Level 3 assets and liabilities measured at fair value for the year ended June 30, 2015 are as follows:

	Level 3 Beginning Balance 7/1/2014	Realized & Unrealized Gain / (Loss) on Sale	Purchases, Sales, & Settlements	Net Transfers In and/ or Out of Level 3	Change In Unrealized Gains/(Losses) for Investments Still Held At 6/30/2015	Level 3 Ending Balance 6/30/2015
Investment in 3rd Party Life Insurance Contracts	\$ 49,593	\$	\$	\$ -	\$ 1,575	\$ 51,168

Total return on investments during the year ended June 30, 2015 was as follows:

	Interest & Dividends	Realized Gain / (Loss) on Sale	Current Year's Unrealized Gain / (Loss)	Total Return on Investment
Money Funds	\$ 58	\$ -	\$ -	\$ 58
Closed End Funds	6,418	(4,977)	(21,198)	(19,757)
Mutual Funds	90,802	76,591	(152,492)	14,901
Insurance Annuities	1,575	-	-	1,575
	<u>\$ 98,853</u>	<u>\$ 71,614</u>	<u>\$ (173,690)</u>	<u>\$ (3,223)</u>

### NOTE H – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value
Building & Improvements	\$ 6,581,406	\$ 2,704,800	\$ 3,876,606
Leasehold Improvements	890,501	692,453	198,048
Furniture & Equipment	1,211,665	984,841	226,824
Computers & Peripherals	284,783	237,677	47,106
	<u>8,968,355</u>	<u>4,619,771</u>	<u>4,348,584</u>
Land	987,266	-	987,266
	<u>\$ 9,955,621</u>	<u>\$ 4,619,771</u>	<u>\$ 5,335,850</u>

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
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**NOTE H – PROPERTY AND EQUIPMENT – (Continued)**

Total depreciation expense for the year ended June 30, 2015 was \$293,065. Of that amount \$290,232 was charged to expense and \$2,833 was deducted for restricted net assets.

**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.

**NOTE J – LINE OF CREDIT**

The Organization had a revolving line of credit of \$1,275,000 with Boston Private Bank & Trust. The line of credit matures on June 30, 2018. 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, 2015 was 3.25%. There balance due on the line of credit was \$100,000 at June 30, 2015.

**NOTE K– NOTES PAYABLE**

At June 30, 2015, 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 in July 2033.	\$ 479,682
Less current portion	25,769
	\$ <u>453,913</u>

**PENINSULA FAMILY SERVICE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

**NOTE K – NOTES PAYABLE – (Continued)\**

Future principal maturities on notes payable are as follows:

<u>June 30:</u>	<u>Total</u>
2016	\$ 25,769
2017	26,005
2018	26,243
2019	26,482
2020	26,724
Thereafter	348,459
	<u>\$ 479,682</u>

**NOTE L – CAPITAL LEASE PAYABLE**

At June 30, 2015, Capital Lease Payable consisted of the following:

Software equipment leased from CISCO capital in monthly installments of principal and interest for approximately \$736	\$ 13,288
Less: Current Portion	<u>7,087</u>
Long-Term Capital Lease Obligation	<u>\$ 6,201</u>

Future annual payments on the capital lease obligation is as follows:

Year Ending:	June 30, 2016	\$ 8,838
	June 30, 2017	<u>7,733</u>
		<u>16,571</u>
Less amount representing interest		<u>3,283</u>
Total future principal payments		<u>\$ 13,288</u>

**NOTE M – 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.



**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

**NOTE N – 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 O – 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 from its Board of Directors. Its written cost allocation plan is on file in the 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 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.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**(With Comparative Totals for 2014)**

**NOTE P – TRANSFERS**

Transfers may represent the utilization of unrestricted funds to cover program restricted deficits and the transfer of current period income (under operation of agreement) from the endowment fund to the general fund. For the year ended June 30, 2015, transfers also included the allocation of unrestricted funds to the new DriveForward, LLC.

**NOTE Q – COMMITMENTS AND CONTINGENCIES**

**Commitments**

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

	<u>Facilities</u>	<u>Equipment</u>	<u>Total</u>
Year Ending June 30:			
2016	\$ 207,729	\$ 13,212	\$ 220,941
2017	121,397	10,404	131,801
2018	90,295	10,294	100,589
2019	14,100	6,171	20,271
2020	14,100	495	14,595
	<u>\$ 447,621</u>	<u>\$ 40,576</u>	<u>\$ 488,197</u>

Total rent expense for the year ended June 30, 2015 was \$247,766.

**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.

**NOTE R – SUBSEQUENT EVENTS**

The Organization has evaluated their financial position and activities from the June 30, 2015 year end of this report through November 30, 2015 which is the date that the consolidated financial statements were available to be issued. No material subsequent event items that require recognition or disclosure were identified.

## ADDITIONAL INFORMATION

**PENINSULA FAMILY SERVICE**

**U.S. Department of Transportation:**

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2015**

Grantor / Pass-Through Grantor / or Program Title	Federal CFDA Number	Entity Identifying Number	Grant Award Amount		Revenue Earned / Expenditures			
			Federal	State	Federal	State	Total	
<b>U.S. Department of Labor:</b>								
<u>Pass-Through Program From:</u>								
<u>National Council on Aging-</u>								
Senior Comm. Service Employment Program	17.235	31	1,278,076	-	1,278,076	-	1,269,724	
			<u>1,278,076</u>	<u>-</u>	<u>1,278,076</u>	<u>-</u>	<u>1,269,724</u>	
<b>U.S. Department of Housing &amp; Urban Development:</b>								
<u>Pass-Through Program From:</u>								
<u>City of Daly City-</u>								
Community Develop. Block Grant	14.218	N/A	22,000	-	22,000	-	22,000	
<u>City of Redwood City-</u>								
Community Develop. Block Grant	14.218	N/A	10,000	-	10,000	-	10,000	
			<u>32,000</u>	<u>-</u>	<u>32,000</u>	<u>-</u>	<u>32,000</u>	
<b>Total Federal and State Awards</b>			<b>\$ 5,297,635</b>	<b>\$ 2,863,644</b>	<b>\$ 8,161,279</b>	<b>\$ 4,051,547</b>	<b>\$ 2,738,227</b>	<b>\$ 6,789,774</b>

**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.



# RANDOLPH SCOTT & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, INC.

## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

### Independent Auditor's Report

November 30, 2015

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 consolidated statement of financial position as of June 30, 2015, and the related consolidated 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 30, 2015.

### Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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***

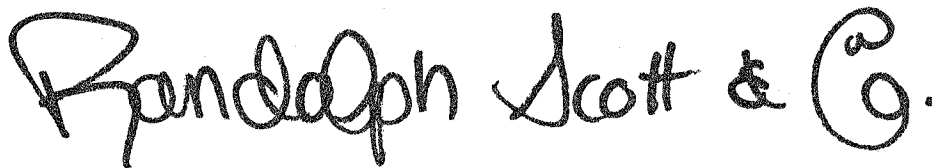
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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.



Certified Public Accountants, Inc.  
Novato, California

**Report on Compliance for Each Major Federal Program; and  
Report on Internal Control Over Compliance  
Required by OMB Circular A-133**

Independent Auditor's Report

November 30, 2015

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, 2015. **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  
Required by OMB Circular A-133**

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, 2015.

**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  
Required by OMB Circular A-133**

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.



**Certified Public Accountants, Inc.**  
Novato, California

SUPPLEMENTAL REPORTING REQUIREMENTS OF THE  
CALIFORNIA DEPARTMENT OF EDUCATION

## PENINSULA FAMILY SERVICE

### GENERAL INFORMATION

YEAR ENDED JUNE 30, 2015

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-4258: General Child Care Center CSPP-4500: State Preschool Program CRPM-2069: Renovation and Repair 41-1664-1A: CACFP
Executive Officers:	
Executive Director:	Arne Croce
Child Development Division Director:	Christy Rodgers
Chief Financial Officer	Heather Cleary
Report Period:	Fiscal Year Ended June 30, 2015
Schedule of Daily Hours:	Varied
Number of Days of Operation:	246

PENINSULA FAMILY SERVICE  
COMBINING STATEMENT OF ACTIVITIES  
CHILD DEVELOPMENT FUNDS  
YEAR ENDED JUNE 30, 2015

	Early Head Start HB & Admin	General Center CCTR-4258	State Preschool CSPP-4500	Renovation & Repair CRPM-2069	San Mateo Co. Office of Ed CSPP	Redwood CalSafe	General Funds	Total All Child Care
<b>PUBLIC SUPPORT AND REVENUE</b>								
Grant Income:								
Early Head Start	\$ 1,106,282	\$	\$	\$	\$	\$	\$	\$
California Dept. of Education		1,653,805	1,446,208	3,884				1,106,282
Child Care Food Program		166,717	134,870					3,103,897
County of San Mateo		4,685	3,790		533,500			301,587
Other Grants		163,022	131,880			204,762		541,975
Pledges and Contributions:								499,664
Contributions		132,867	107,486				110,603	350,956
Contributions - In-Kind		84,664	68,491					153,155
Earned Income:								
Fees - Program Services		222,859	134,281		33,833		100	391,073
Other Income:								
Other Income							14,688	14,688
<b>Total Public Support and Revenue</b>	<b>1,106,282</b>	<b>2,428,619</b>	<b>2,027,006</b>	<b>3,884</b>	<b>567,333</b>	<b>204,762</b>	<b>125,391</b>	<b>6,463,277</b>
<b>EXPENDITURES</b>								
Salaries and wages	616,169	1,119,317	905,496	-	279,244	110,451	-	3,030,677
Employee benefits	186,476	403,768	326,637	-	83,329	36,147	-	1,036,357
Professional & Outside services	153,097	220,257	178,181	-	50,020	23,694	-	625,249
Supplies	36,778	52,192	42,222	-	11,996	6,768	-	149,956
Food & Refreshments	8,338	195,702	158,318	-	31,558	559	-	394,475
Telephone & Internet	4,699	18,145	14,678	-	3,370	1,237	-	42,129
Postage, Delivery & Printing	2,191	3,500	2,832	-	773	363	-	9,659
Occupancy	24,018	220,388	178,288	-	36,856	1,146	-	460,696
Insurance	10,558	22,180	17,943	-	4,684	2,961	-	58,306
Rental & Maintenance of Equipment	-	15,697	12,699	-	2,469	-	-	30,865
Travel	5,141	3,817	3,087	-	1,077	345	-	13,467
Conferences & Trainings	10,466	705	570	-	1,035	160	-	12,936
Equipment & Improvements	8,155	9,652	7,808	6,729	-	1,866	-	34,210
Depreciation	-	30,443	24,627	-	-	-	-	55,070
Interest & Bank Fees	-	-	-	-	-	-	-	-
Miscellaneous Expense	40,196	50,427	40,794	-	35,090	7,996	-	174,503
In-Kind Expense	-	84,664	68,491	-	-	-	-	153,155
Allocation of Administrative and Support Expenditures (Note A)	-	319,661	258,597	-	26,675	11,069	-	616,002
<b>Total Expenditures</b>	<b>1,106,282</b>	<b>2,770,515</b>	<b>2,241,268</b>	<b>6,729</b>	<b>568,156</b>	<b>204,762</b>	<b>-</b>	<b>6,897,712</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ -</b>	<b>\$ (341,896)</b>	<b>\$ (214,262)</b>	<b>\$ (2,845)</b>	<b>\$ (823)</b>	<b>\$ -</b>	<b>\$ 125,391</b>	<b>\$ (434,435)</b>

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF EXPENDITURES BY STATE CATEGORIES**  
**YEAR ENDED JUNE 30, 2015**

	General Child Care CCTR - 4258	State Preschool CSPP-4500	Renovation & Repair CRPM - 2069	San Mateo Co. State Preschool CSPP	Non-CDE Operating Programs	Total All Child Care Programs
<b>EXPENDITURES</b>						
Direct payments to providers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1000 Certificated salaries	672,999	544,437	-	219,230	86,601	1,523,267
2000 Classified salaries	446,318	361,059	-	60,014	23,850	891,241
3000 Employee benefits	624,025	504,818	-	133,349	59,841	1,322,033
4000 Books and supplies	247,741	200,416	-	44,327	9,556	502,040
5000 Services and other operating expenses	735,684	595,147	6,729	111,236	24,914	1,473,710
6100/6200 Other approved capital outlay	-	-	-	-	-	-
6400 New equipment	8,745	7,075	-	-	-	15,820
6500 Replacement equipment	-	-	-	-	-	-
Depreciation on assets not purchased with public funds	-	-	-	-	-	-
Start-up expenses - service level exemption	30,443	24,627	-	-	-	55,070
Indirect costs	-	-	-	-	-	-
Total expenses claimed for reimbursement	2,765,955	2,237,579	6,729	568,156	204,762	5,783,181
Supplemental expenses (Non-CDE Programs)	616,113	498,418	-	-	-	1,114,531
Total Expenditures	\$ 3,382,068	\$ 2,735,997	\$ 6,729	\$ 568,156	\$ 204,762	\$ 6,897,712

**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.

**NOTE:** Certain minor equipment and repair items that are below the Agency's Capitalization threshold of \$5,000 are reported on the Agency's financial statement (on page 35) under the Equipment and Improvements category. However, the minor equipment is reported above under the category 4000 - Books and Supplies and the minor repairs are reported above under the category 5000 - Services and Other Operating Expenses.

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF REIMBURSABLE EQUIPMENT EXPENDITURES AND**  
**SCHEDULE OF REIMBURSABLE EXPENDITURES FOR RENOVATIONS AND REPAIRS**  
**YEAR ENDED JUNE 30, 2015**

**EQUIPMENT EXPENDITURES:**

<u>UNIT COST UNDER \$7,500 PER ITEM -</u>						
Wifi Equipment						
	General Center CCTR - 4258	State Preschool CSPP - 4500	Renov. & Repair CRPM-2069	SM County Office of Ed. CSPP	Other Child Care Supplemental	Total
\$	5,318	\$ 4,302	\$	\$	8,155	\$ 17,775
<u>UNIT COST OVER \$7,500 PER ITEM</u>						
<u>WITH PRIOR WRITTEN APPROVAL -</u>						
None.						
<u>UNIT COST OVER \$7,500 PER ITEM</u>						
<u>WITHOUT PRIOR WRITTEN APPROVAL -</u>						
None.						
<b>TOTAL EQUIPMENT EXPENDITURES</b>	\$ 5,318	\$ 4,302	\$ 0	\$ 0	\$ 8,155	\$ 17,775

**RENOVATIONS AND REPAIRS:**

<u>UNIT COST UNDER \$10,000 PER ITEM-</u>						
Bathroom remodel						
\$	3,427	\$ 2,773	\$	\$	\$	6,200
<u>UNIT COST \$10,000 OR MORE PER ITEM</u>						
<u>WITH PRIOR WRITTEN APPROVAL -</u>						
None						
<u>UNIT COST \$10,000 OR MORE PER ITEM</u>						
<u>WITHOUT PRIOR WRITTEN APPROVAL -</u>						
None.						
<b>TOTAL RENOVATIONS &amp; REPAIRS</b>	\$ 3,427	\$ 2,773	\$ 0	\$ 0	\$ 0	\$ 6,200

NOTE: Agency's Capitalization Threshold is \$5,000.

**PENINSULA FAMILY SERVICE**  
**COMBINING SCHEDULE OF ADMINISTRATIVE COSTS**  
**RELATING TO CALIFORNIA DEPARTMENT OF EDUCATION PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	General Center CCTR - 4258	State Preschool CSPP-4500	San Mateo County Preschool CSPP
Salaries and wages	\$ 218,020	\$ 176,372	\$ 18,193
Employee benefits	40,552	32,806	3,384
Professional & Outside services	17,952	14,522	1,498
Supplies	1,740	1,408	145
Food & Refreshments	1,763	1,426	147
Telephone & Internet	1,477	1,195	123
Postage, Delivery & Printing	4,079	3,300	340
Occupancy	422	342	35
Insurance	3,254	2,633	272
Rental & Maintenance of Equipment	2,150	1,740	179
Travel	1,050	850	88
Conferences & Trainings	2,800	2,265	234
Minor Equipment & Improvements	3,809	3,081	318
Depreciation	-	-	-
Interest & Bank Fees	3,244	2,624	271
Miscellaneous Expense	17,347	14,033	1,448
<i>Total Administrative Costs</i>	\$ <u>319,661</u>	\$ <u>258,597</u>	\$ <u>26,675</u>



**AUDITED ATTENDANCE AND FISCAL REPORT  
for General or Migrant Center-Based Programs**

Agency Name: PENINSULA FAMILY SERVICE Vendor No. 41-B629

Fiscal Year Ended: June 30, 2015 Contract No. CCTR - 4258

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

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-		-	2.006	-
Full-time	3,661		3,661	1.700	6,223.700
Three-quarters-time	2,764		2,764	1.275	3,524.100
One-half-time	122		122	0.935	114.070
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-		-	1.652	-
Full-time	12,486		12,486	1.400	17,480.400
Three-quarters-time	3,191		3,191	1.050	3,350.550
On-half-time	405		405	0.770	311.850
<i>Three Years and Older</i>					
Full-time-plus	-		-	1.180	-
Full-time	2,549		2,549	1.000	2,549.000
Three-quarters-time	1,695		1,695	0.750	1,271.250
One-half-time	4,634		4,634	0.550	2,548.700
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	4,658		4,658	1.100	5,123.800
Three-quarters-time	1,537		1,537	0.825	1,268.025
One-half-time	1,970		1,970	0.605	1,191.850
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	86		86	1.100	94.600
Three-quarters-time	17		17	0.825	14.025
One-half-time	-		-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
<b>TOTAL DAYS OF ENROLLMENT</b>	39,775	-	39,775		45,065.920
<b>DAYS OF OPERATION</b>	246	-	246		
<b>DAYS OF ATTENDANCE</b>	39,514	-	39,514		

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

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, 2015

Contract No. CCTR - 4258

SECTION II - NONCERTIFIED CHILDREN all children who were not certified, but who were served at the same sites as certified children. Report	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<b>DAYS OF ENROLLMENT</b>					
<i>Infants (up to 18 months)</i>					
Full-time-plus	-		-	2.006	-
Full-time	-		-	1.700	-
Three-quarters-time	-		-	1.275	-
One-half-time	-		-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
On-half-time	-		-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus	-		-	1.180	-
Full-time	677		677	1.000	677.000
Three-quarters-time	3,180		3,180	0.750	2,385.000
One-half-time	2,915		2,915	0.550	1,603.250
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>6,772</b>	<b>-</b>	<b>6,772</b>		<b>4,665.250</b>

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

**AUDITED ATTENDANCE AND FISCAL REPORT  
for General or Migrant Center-Based Programs**

Agency Name: PENINSULA FAMILY SERVICE Vendor No 41-B629

Fiscal Year End: June 30, 2015 Contract No. CCTR - 4258

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
<b>RESTRICTED INCOME</b>			
Child Nutrition Programs	\$150,251	\$16,466	\$166,717
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify): First Five & Other Grants		163,022	163,022
<b>Subtotal</b>	\$150,251	\$179,488	\$329,739
Transfer from Reserve Contract #			0
Contract #			0
Family Fees for Certified Children			
CCTR Program Contract # CCTR - 4258	102,502	363	102,865
CSPP Program Contract #			0
Interest Earned on Apportionments Contract #			0
Contract #			0
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children	120,399	(405)	119,994
Head Start Program (EC § 8235(b))			0
Other (Specify): Contributions		217,531	217,531
<b>TOTAL REVENUE</b>	\$373,152	\$396,977	\$770,129

**SECTION IV - REIMBURSABLE EXPENSES**

<i>Direct Payments to Providers (FCCH Only)</i>	\$0	\$0	\$0
1000 Certificated Salaries	586,975	86,024	672,999
2000 Classified Salaries	433,105	13,213	446,318
3000 Employee Benefits	386,709	237,316	624,025
4000 Books and Supplies	460,613	(212,872)	247,741
5000 Services and Other Operating Expenses	516,284	219,400	735,684
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)	8,699	46	8,745
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance		30,443	30,443
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit Contract #			0
Contract #			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$2,392,385	\$373,570	\$2,765,955
<b>TOTAL ADMINISTRATIVE COSTS</b> (Included in section IV above)	\$192,471	\$127,190	\$319,661

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, Early Education and Support 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 report.

**AUDITED ATTENDANCE AND FISCAL REPORT  
for General or Migrant Center-Based Programs**

Agency Name: PENINSULA FAMILY SERVICE

Vendor No. 41-B629

Fiscal Year End: June 30, 2015

Contract No. CCTR - 4258

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION V - SUPPLEMENTAL REVENUE</b>			
Enhancement Funding	\$1,405,739	(\$794,186)	\$611,553
Other (Specify): Co. of San Mateo- QRIS		4,560	4,560
Other (Specify): County Other		125	125
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>\$1,405,739</b>	<b>(\$789,501)</b>	<b>\$616,238</b>

**SECTION VI - SUPPLEMENTAL EXPENSES**

<b>EXPENSES RELATED TO SUPPLEMENTAL REVENUE</b>			
1000 Certificated Salaries	\$541,358	(\$311,302)	\$230,056
2000 Classified Salaries	197,337	(86,775)	110,562
3000 Employee Benefits	203,506	(100,422)	103,084
4000 Books and Supplies	207,599	(178,099)	29,500
5000 Services and Other Operating Expenses	247,784	(109,381)	138,403
6000 Equipment/Other Capital Outlay	8,155	(3,647)	4,508
Depreciation or Use Allowance			0
Indirect Costs			0
Other (Specify):			0
<b>NONREIMBURSABLE EXPENSES</b>			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	<b>\$1,405,739</b>	<b>(\$789,626)</b>	<b>\$616,113</b>

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

# AUDITED ATTENDANCE AND FISCAL REPORT for California State Preschool Programs

Agency Name: PENINSULA FAMILY SERVICE Vendor No. 41-B629

Fiscal Year Ended: June 30, 2015 Contract No. CSPP - 4500

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

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	5,530		5,530	1.0000	5,530.000
Three-quarters-time	1,689		1,689	0.7500	1,266.750
One-half-time	93		93	0.6172	57.400
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	91		91	1.2000	109.200
Three-quarters-time	61		61	0.9000	54.900
One-half-time	-		-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	25,643		25,643	1.1000	28,207.300
Three-quarters-time	3,874		3,874	0.8250	3,196.050
One-half-time	245		245	0.6172	151.214
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	529		529	1.1000	581.900
Three-quarters-time	509		509	0.8250	419.925
One-half-time	119		119	0.6172	73.447
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
<b>TOTAL DAYS OF ENROLLMENT</b>	38,383	-	38,383		39,648.085
<b>DAYS OF OPERATION</b>	246	-	246		
<b>DAYS OF ATTENDANCE</b>	38,007	-	38,007		

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

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

**AUDITED ATTENDANCE AND FISCAL REPORT**  
for California State Preschool Programs

Agency Name: **PENINSULA FAMILY SERVICE**

Vendor No. **41-B629**

Fiscal Year Ended: **June 30, 2015**

Contract No. **CSPP - 4500**

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	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	575		575	1.0000	575.000
Three-quarters-time	-		-	0.7500	-
One-half-time	-		-	0.6172	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>575</b>	<b>-</b>	<b>575</b>		<b>575.000</b>

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

**AUDITED ATTENDANCE AND FISCAL REPORT  
for California State Preschool Programs**

Agency Name: PENINSULA FAMILY SERVICE Vendor No. 41-B629

Fiscal Year End: June 30, 2015 Contract No. CSPP - 4500

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
RESTRICTED INCOME			
Child Nutrition Programs	\$151,336	(\$16,466)	\$134,870
County Maintenance of Effort (EC § 8279)			0
Other (Specify): First Five & Other grants	100	131,780	131,880
Other (Specify):			0
<b>Subtotal</b>	\$151,436	\$115,314	\$266,750
Transfer from Reserve			0
Family Fees for Certified Children	65,301	33,974	99,275
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	69,593	(34,587)	35,006
Head Start Program (EC § 8235(b))			0
Other (Specify): Contributions		175,977	175,977
Other (Specify):			0
<b>TOTAL REVENUE</b>	\$286,330	\$290,678	\$577,008

**SECTION IV - REIMBURSABLE EXPENSES**

1000 Certificated Salaries	\$391,055	\$153,382	\$544,437
2000 Classified Salaries	367,770	(6,711)	361,059
3000 Employee Benefits	299,259	205,559	504,818
4000 Books and Supplies	431,002	(230,586)	200,416
5000 Services and Other Operating Expenses	353,543	241,604	595,147
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)	270	6,805	7,075
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance		24,627	24,627
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$1,842,899	\$394,680	\$2,237,579
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$165,078	\$93,519	\$258,597

FOR CDE-A&I USE ONLY:			
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Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program

Requirements of the California Department of Education, Early Education and Support Division:

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

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

☒ 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.

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

**AUDITED ATTENDANCE AND FISCAL REPORT  
for California State Preschool Programs**

Agency Name: PENINSULA FAMILY SERVICE Vendor No. 41-B629

Fiscal Year End: June 30, 2015 Contract No. CSPP - 4500

	COLUMN A	COLUMN B	COLUMN C
SECTION V - SUPPLEMENTAL REVENUE	CUMULATIVE FISCAL YEAR PER FORM	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
Enhancement Funding	\$882,198	(\$387,469)	\$494,729
Other (Specify): Co. of San Mateo- QRIS		3,689	3,689
Other (Specify): County Other		101	101
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>\$882,198</b>	<b>(\$383,679)</b>	<b>\$498,519</b>

**SECTION VI - SUPPLEMENTAL EXPENSES**

<b>EXPENSES RELATED TO SUPPLEMENTAL REVENUE</b>			
1000 Certificated Salaries	\$331,848	(\$145,739)	\$186,109
2000 Classified Salaries	68,464	20,978	89,442
3000 Employee Benefits	110,014	(26,622)	83,392
4000 Books and Supplies	46,501	(22,636)	23,865
5000 Services and Other Operating Expenses	316,879	(204,916)	111,963
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance	8,492	(4,845)	3,647
Indirect Costs			0
<b>NONREIMBURSABLE EXPENSES</b>			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	<b>\$882,198</b>	<b>(\$383,780)</b>	<b>\$498,418</b>

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, 2015 Contract No. CRPM - 2069

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

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

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	PRIOR YEAR'S AUD 9529-CRPM ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529- CRPM	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
<b>SECTION I - REVENUE</b>				
RESTRICTED INCOME				
Prorated Portion for Nonsubsidized Enrollment	\$0	\$2,845	\$0	\$2,845
Other (Specify):				0
Other (Specify):				0
Other (Specify):				0
<b>Subtotal</b>	<b>\$0</b>	<b>\$2,845</b>	<b>\$0</b>	<b>\$2,845</b>
INTEREST EARNED ON APPORTIONMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
Other (Specify):				0
<b>TOTAL REVENUE</b>	<b>\$0</b>	<b>\$2,845</b>	<b>\$0</b>	<b>\$2,845</b>
<b>SECTION II - REIMBURSABLE EXPENSES</b>				
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		3,785	2,944	6,729
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment ( <i>program-related</i> )	16,142			16,142
6500 Replacement Equipment ( <i>program-related</i> )	15,033	2,943	(2,943)	15,033
Depreciation or Use Allowance				0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable Capital Outlay				0
Other (Specify):				0
Other (Specify):				0
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT (Subsidized and Nonsubsidized)</b>	<b>\$31,175</b>	<b>\$6,728</b>	<b>\$1</b>	<b>\$37,904</b>
FOR CDE-A&I USE ONLY:				

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

# AUDITED ATTENDANCE AND FISCAL REPORT for California State Preschool Programs

Agency Name: PENINSULA FAMILY SERVICE ON BEHALF OF  
SAN MATEO COUNTY OFFICE OF EDUCATION Vendor No. 41-B629

Fiscal Year Ended: June 30, 2015 Contract No. CSPP

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

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	2,504		2,504	1.0000	2,504.000
Three-quarters-time	167		167	0.7500	125.250
One-half-time	2,487		2,487	0.6172	1,534.976
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	7,257		7,257	1.1000	7,982.700
Three-quarters-time	94		94	0.8250	77.550
One-half-time	5,281		5,281	0.6172	3,259.433
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
<b>TOTAL DAYS OF ENROLLMENT</b>	17,790	-	17,790		15,483.910
<b>DAYS OF OPERATION</b>	246	-	246		
<b>DAYS OF ATTENDANCE</b>	17,732	-	17,732		

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

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

# AUDITED ATTENDANCE AND FISCAL REPORT for California State Preschool Programs

Agency Name: **PENINSULA FAMILY SERVICE ON BEHALF OF  
SAN MATEO COUNTY OFFICE OF EDUCATION** Vendor No. **41-B629**

Fiscal Year End: **June 30, 2015** Contract No. **CSPP**

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
RESTRICTED INCOME			
Child Nutrition Programs	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Other (Specify):			0
<b>Subtotal</b>	\$0	\$0	\$0
Transfer from Reserve			0
Family Fees for Certified Children	39,009	(5,176)	33,833
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL REVENUE</b>	\$39,009	(\$5,176)	\$33,833

<b>SECTION IV - REIMBURSABLE EXPENSES</b>			
1000 Certificated Salaries	\$219,230	\$0	\$219,230
2000 Classified Salaries	60,014		60,014
3000 Employee Benefits	83,329	50,020	133,349
4000 Books and Supplies	21,045	23,282	44,327
5000 Services and Other Operating Expenses	184,538	(73,302)	111,236
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment ( <i>program-related</i> )			0
6500 Replacement Equipment ( <i>program-related</i> )			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
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$568,156	\$0	\$568,156
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$26,583	\$92	\$26,675

FOR CDE-A&I USE ONLY:			
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Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program

Requirements of the California Department of Education, Early Education and Support 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 report.

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2015**

**SECTION I: SUMMARY OF AUDIT RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

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:

Unmodified

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 Comm. Service Employment Program

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, 2015**

**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.