

**PENINSULA FAMILY SERVICE**

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

**YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals for 2013)**

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December 10, 2014

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

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of **Peninsula Family Service**, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Peninsula Family Service**, as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and the Combining Statements, and other schedules are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014 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**  
December 10, 2014

***Report on Summarized Comparative Information***

We have previously audited the **Peninsula Family Service's** 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 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**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2014**  
**(With Comparative Totals for 2013)**

<b>ASSETS</b>	General	Temporarily Restricted	Permanently Restricted	Total All Funds	
				2014	2013
<b>CURRENT ASSETS:</b>					
Cash and Cash Equivalents (Note A)	\$ 133,392	\$ -	\$ -	\$ 133,392	\$ 604,815
Short-Term Cash Investments (Note A)	-	-	-	-	22,495
Current Portion of Pledge Receivable (Note E)	-	-	22,392	22,392	21,585
Accounts and Grants Receivable (Note F)	1,530,139	7,373	-	1,537,512	1,234,083
Prepaid Expenses	175,036	-	-	175,036	142,296
Total Current Assets	1,838,567	7,373	22,392	1,868,332	2,025,274
<b>RESTRICTED CASH</b>	-	-	262	262	62
<b>LONG-TERM INVESTMENTS (Note G)</b>	91,900	508,748	1,195,567	1,796,215	1,613,451
<b>LONG-TERM PLEDGE RECEIVABLE (Note E)</b>	-	-	47,328	47,328	69,721
<b>PROPERTY AND EQUIPMENT (Note H)</b>	5,541,792	9,739	-	5,551,531	5,753,907
<b>OTHER ASSETS:</b>					
Assets Reserved for Unemployment					
Claims (Note I)	50,085	-	-	50,085	15,655
Refundable Deposits	2,701	-	-	2,701	10,960
<b>TOTAL ASSETS</b>	<b>\$ 7,525,045</b>	<b>\$ 525,860</b>	<b>\$ 1,265,550</b>	<b>\$ 9,316,455</b>	<b>\$ 9,489,030</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>CURRENT LIABILITIES:</b>					
Current Portion of Notes Payable (Note M)	\$ 103,974	\$ -	\$ -	\$ 103,974	\$ 101,458
Current Portion of Capital Lease (Note N)	7,087	-	-	7,087	-
Accounts Payable and Accrued Expenses	634,082	-	-	634,082	580,052
Due to / (from) other funds	119,315	-	(119,315)	-	-
Deferred Revenue (Note K)	325,489	-	-	325,489	340,113
Other Reserves	-	-	-	-	36,689
Line of Credit (Note J)	-	-	-	-	-
Total Current Liabilities	1,189,947	-	(119,315)	1,070,632	1,058,312
<b>NOTES PAYABLE (Note M)</b>	479,686			479,686	583,657
<b>OBLIGATION UNDER CAPITAL LEASE (Note N)</b>	13,288			13,288	-
<b>OTHER LIABILITIES:</b>					
Reserve for Loan Guarantees	112,462			112,462	151,976
Reserve for Future Unemployment					
Claims (Note I)	50,085			50,085	15,655
<b>COMMITMENTS AND CONTINGENCIES (Note S)</b>				-	-
Total Liabilities	1,845,468	-	(119,315)	1,726,153	1,809,600
<b>NET ASSETS</b>	<b>5,679,577</b>	<b>525,860</b>	<b>1,384,865</b>	<b>7,590,302</b>	<b>7,679,430</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,525,045</b>	<b>\$ 525,860</b>	<b>\$ 1,265,550</b>	<b>\$ 9,316,455</b>	<b>\$ 9,489,030</b>

See Notes to Financial Statements.

**PENINSULA FAMILY SERVICE**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals for 2013)**

	General Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds	
				2014	2013
<b>REVENUE AND SUPPORT</b>					
Grant Income:					
Early Head Start	\$ 1,024,638	\$ -	\$ -	\$ 1,024,638	\$ 1,083,025
California Department of Education	3,364,672	-	-	3,364,672	3,185,039
County of San Mateo	908,400	-	-	908,400	899,376
National Council on Aging	1,267,936	-	-	1,267,936	1,252,336
Other Grants	1,303,081	-	-	1,303,081	986,724
Pledges and Contributions:					
Contributions	1,800,704		126,655	1,927,359	1,685,334
Contributions - In-kind	830,135	-	-	830,135	637,969
Investment Income:					
Interest & Dividend Income	2,976	80,379	-	83,355	37,305
Earned Income:					
Fees - Program Services	406,266	-	-	406,266	516,303
Other Income:					
Other Income	248,475	237		248,712	356,031
Net Assets Released from Restrictions (Note D):					
Satisfaction of Program Restrictions	16,980	(16,980)		-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>11,174,263</b>	<b>63,636</b>	<b>126,655</b>	<b>11,364,554</b>	<b>10,639,442</b>
<b>EXPENDITURES</b>					
Administration	648,082			648,082	773,836
Child Development	6,749,641			6,749,641	6,762,058
Older Adults	1,569,036			1,569,036	1,119,375
Visitation Center	-			-	18,529
Financial Empowerment	2,358,339			2,358,339	2,315,208
Buildings & Building Fund	35,448			35,448	(221,760)
Endowment Fund	5,453			5,453	-
<b>TOTAL EXPENDITURES</b>	<b>11,365,999</b>	<b>-</b>	<b>-</b>	<b>11,365,999</b>	<b>10,767,246</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>(191,736)</b>	<b>63,636</b>	<b>126,655</b>	<b>(1,445)</b>	<b>(127,804)</b>
<b>NON-OPERATING REVENUE AND EXPENSE:</b>					
Realized Gain/(Loss) on Investments	5,420	102,880	-	108,300	-
Unrealized Gain/(Loss) on Investments	5,666	64,495	-	70,161	131,928
Depreciation (Note H)	(275,883)			(275,883)	(274,819)
	(264,797)	167,375	-	(97,422)	(142,891)
<b>TOTAL CHANGES TO NET ASSETS:</b>	<b>(456,533)</b>	<b>231,011</b>	<b>126,655</b>	<b>(98,867)</b>	<b>(270,695)</b>
<b>Other Changes to Net Assets:</b>					
Transfers (Note R)	84,276	(84,276)		-	-
Additions of Restricted Capital Assets (Note A)		11,206		11,206	-
Depreciation of Restricted Capital Assets (Note A)		(1,467)		(1,467)	-
<b>NET ASSETS, beginning of year</b>	<b>6,051,834</b>	<b>369,386</b>	<b>1,258,210</b>	<b>7,679,430</b>	<b>7,950,125</b>
<b>NET ASSETS, end of year</b>	<b>\$ 5,679,577</b>	<b>\$ 525,860</b>	<b>\$ 1,384,865</b>	<b>\$ 7,590,302</b>	<b>\$ 7,679,430</b>

See Notes to Financial Statements.

**PENINSULA FAMILY SERVICE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2014**  
(With Comparative Totals for 2013)

	Administration and Fund Development	Child Development	Older Adults	Financial Empowerment	Buildings & Building Fund	Endowment Fund	Total All Funds	
							2014	2013
<b>EXPENSES</b>								
<u>Operating Expenses:</u>								
Salaries and wages	\$ 1,124,246	\$ 3,097,747	\$ 760,457	\$ 1,188,095	\$ 45,504	\$ -	\$ 6,216,049	\$ 6,085,253
Payroll taxes	103,474	302,592	75,368	96,385	4,300	-	582,119	572,983
Employee benefits	98,814	691,626	69,625	55,239	5,865	-	921,169	811,221
Professional & Outside services	279,687	665,693	148,267	35,101	-	-	1,128,748	1,040,786
Supplies	9,640	111,795	9,005	8,838	130	-	139,408	172,672
Food & Refreshments	12,499	398,012	111,744	623	-	-	522,878	480,122
Telephone & Internet	3,874	40,214	8,289	11,963	-	-	64,340	51,857
Postage, Delivery & Printing	22,270	5,052	2,150	8,990	-	-	38,462	54,931
Occupancy	28,141	431,647	14,144	43,264	(49,845)	-	467,351	480,066
Insurance	14,180	50,453	10,541	13,735	-	-	88,909	87,721
Rental & Maint. of Equipment	13,969	21,455	5,258	6,546	-	-	47,228	44,928
Travel	2,837	11,129	22,659	15,970	-	-	52,595	35,542
Conferences & Trainings	6,586	39,262	3,540	1,843	-	-	51,231	49,218
Equipment & Improvements	5,430	31,187	2,877	5,783	20,675	5,453	65,952	23,310
Interest & Bank Fees	5,405	-	-	71	8,819	-	19,748	15,924
Miscellaneous Expense	(66,791)	71,224	49,104	76,140	-	-	129,677	122,741
In-kind Expense (Note A)	6,956	94,695	138,676	589,808	-	-	830,135	637,970
Allocation of Administrative Costs (Note A)	(1,023,135)	685,858	137,332	199,945	-	-	-	-
Subtotal Operating Expenses	648,082	6,749,641	1,569,036	2,358,339	35,448	5,453	11,365,999	10,767,245
<u>Non-Operating Expenses:</u>								
Depreciation (Note H)	1,536	51,444	-	1,126	221,777	-	275,883	274,820
<b>TOTAL EXPENSES</b>	<b>\$ 649,618</b>	<b>\$ 6,801,085</b>	<b>\$ 1,569,036</b>	<b>\$ 2,359,465</b>	<b>\$ 257,225</b>	<b>\$ 5,453</b>	<b>\$ 11,641,882</b>	<b>\$ 11,042,065</b>

See Notes to Financial Statements.



**PENINSULA FAMILY SERVICE**  
**COMBINED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals for 2013)**

	Total All Funds	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (98,867)	\$ (270,695)
Adjustments to Reconcile Net Revenue & Support to Cash Provided by Operating Activities:		
Depreciation, net of amount charged to net assets	275,883	274,819
Net Realized and Unrealized (Gain) / Loss on Assets	(176,878)	(130,488)
(Increase)/Decrease in Cash Value of Life Insurance Policies	(1,582)	(1,440)
(Increase) / Decrease in Assets:		
Accounts and Grants Receivable	(303,429)	(539,583)
Prepaid Expenses	(32,740)	663
Pledges Receivable	21,585	20,807
Refundable Deposits	8,259	-
Increase / (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	54,030	6,806
Deferred Revenue	(14,624)	7,163
Reserves	(36,689)	-
Reserve for Loan Guarantees	(39,514)	(16,994)
Contingency	-	(20,000)
Total Adjustments	(245,699)	(398,247)
Net Cash Provided (Used) By Operating Activities:	(344,566)	(668,942)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds Received in Acquisition	-	107,350
Purchase of Property & Equipment, net of amount charged to net assets	(63,768)	-
Purchase of Long-Term Investments	(584,450)	(18,701)
Proceeds Received on Sale of Investments	580,146	-
Reserve for Unemployment Claims	(34,430)	2,068
Net Cash Provided (Used) By Investing Activities:	(102,502)	90,717
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on Notes Payable, less interest of \$9,360 and \$11,068 respectively	(101,455)	(99,011)
New addition to Capital Lease	21,260	-
Payments on Capital Lease, less interest of \$219 and \$0 respectively	(885)	-
(Increase)/Decrease in Reserve for Unemployment Claims	34,430	(2,068)
Net Cash Provided (Used) By Financing Activities:	(46,650)	(101,079)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(493,718)	(679,304)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	627,372	1,306,676
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 133,654	\$ 627,372
 Cash	\$ 133,392	\$ 604,815
Restricted Cash	262	62
Short-Term Cash Investments	-	22,495
Total Cash and Cash Equivalents	\$ 133,654	\$ 627,372
 Supplemental cash flow information		
Interest Paid	\$ 9,579	\$ 11,068
In-kind Goods and Services Received in lieu of cash	\$ 830,135	\$ 637,969

See Notes To Financial Statements.

**PENINSULA FAMILY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals for 2013)**

**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. As the Organization has grown, they changed their name from the original *Family Service Agency of San Mateo County* to the current name of **Peninsula Family Service** in June 2010, to include all the communities they serve. The Organization provides a wide variety of community service programs throughout the San Francisco Bay Area. The Organization is primarily publicly funded.

**Major Programs**

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

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

*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.

**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.

**PENINSULA FAMILY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals for 2013)**

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

**Fund Accounting – (Continued)**

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 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 in the statement of financial position approximates fair value.

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

**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.

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.

**PENINSULA FAMILY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals for 2013)**

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

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

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 financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net assets, and revenue and expenses for the reporting period. Actual results could differ from those estimates.

**Concentration of Credit Risk**

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

**PENINSULA FAMILY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals for 2013)**

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

**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 value over time of these assets, depreciation is charged directly to net assets annually. These assets are restricted to use only in the programs from which they were purchased.

**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, 2014 were approximately \$170,600.

**PENINSULA FAMILY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2014**  
**(With Comparative Totals for 2013)**

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

**Accrued Vacation and Sick Leave Benefits – (Continued)**

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, mileage, supplies, rent, utilities, and legal services. The total in-kind contributions for the year ended June 30, 2014 were approximately \$830,135.

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

**PENINSULA FAMILY SERVICE**  
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**(With Comparative Totals for 2013)**

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

**Endowment Funds**

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

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

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

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.

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

**Endowment Fund – (Continued)**

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

1. To manage the contributions in a manner that will maximize the benefit to the Organization.
2. To achieve a total return from the investments sufficient to provide both a reasonable growth of the asset base and current income to support the programs of the Organization.

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

1. Diversification that will include both common stock and fixed income investments;
  - a. Common stock investments: Diversification that will result in a portfolio of issues that represent a range of industry groups to spread investment risk over a broad base.
  - b. Fixed income investments: To include obligations of the U.S. Treasury, agencies of the U.S. government and investment grade corporate debt.
2. The investments in equities and fixed income will be reviewed no less than at the end of each quarter and compared to the 65% equity and 35% fixed income benchmarks. 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. PROFESSIONAL MANAGEMENT:** It shall be the policy of the Trust to utilize professional management services for the investment of the assets in the Fund. Furthermore when trustees choose to utilize mutual funds the investment selection will be left up to the mutual fund manager.

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



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

**Endowment Fund – (Continued)**

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

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

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

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

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

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

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

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

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

**Endowment Fund – (Continued)**

**F. RESTRICTIONS – (Continued)**

2. write, acquire or sell any put or call options, or combination thereof, on the securities in the portfolio;
3. acquire any security on margin, or otherwise use borrowed funds for the acquisition of any security, or hypothecate any assets of the Fund without the express permission of the Trustees;
4. knowingly sell any securities not owned by the Trust;
5. invest more than 5% of the total market value of the fund in the equities or bonds of one issuer;
6. position more than 20% of the portfolio in any one industry group as defined by Standard & Poors. No more than 5% of the market value of the portfolio may be committed to any individual common stock. However, this restriction shall not apply to obligations of the U.S. Government;
7. position more than 30% of the market value of the portfolio in securities of companies or governments of foreign origin. Equities of foreign companies should be in the form of American Depositary Receipts (ADR's) or American Depositary Shares (ADS's), and preferably, be listed on the New York Stock Exchange;
8. acquire commodities contracts or similar futures obligations;
9. acquire warrants, unless used in the acquisition of common stock;
10. acquire fixed income obligations rated lower than A or comparable level as defined by the leading statistical agencies of Moody's and Standard & Poor's; unless they are held within a bond mutual fund.

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

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

**Income Taxes**

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

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

**Summarized Information for 2013**

The financial information for the year ended June 30, 2013, is presented for comparative purposes only, and is not intended to be a complete financial statement presentation. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, 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, 2014, temporarily restricted net assets consisted of the following:

Board Designated and Investment Earnings from Endowment	\$	508,748
Restricted Property and Equipment		9,739
CDE - Renovation and Repair CRPM-2069		7,373
	\$	<u>525,860</u>

**PENINSULA FAMILY SERVICE**  
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**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	\$ -	\$ 345,033	\$ 1,258,210	\$ 1,603,243
Investment return:				
Investment income	-	80,379	-	80,379
Realized Gain/(Loss)	-	102,880	-	102,880
Unrealized Gain/(Loss)	-	64,495	-	64,495
Total investment return	-	247,754	-	247,754
Contributions			126,655	126,655
Transfers In (Out)		(84,039)		(84,039)
Endowment Net Assets, end of year	\$ -	\$ 508,748	\$ 1,384,865	\$ 1,893,613

**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, 2014, temporarily restricted net assets released from donor restrictions were as follows:

CDE Renovation and Repair CRPM-2069	\$ <u>16,980</u>
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**PENINSULA FAMILY SERVICE**  
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**NOTE E – PLEDGES RECEIVABLE**

The Organization received pledges from individuals and corporations that will be received through 2016. At June 30, 2014, the Organization's Pledges Receivable consisted of the following:

Pledges for Endowment Fund	\$ 69,720
Less: Current Portion	<u>22,392</u>
Long Term Portion	<u><u>\$ 47,328</u></u>

**NOTE F – ACCOUNTS AND GRANTS RECEIVABLE**

At June 30, 2014, the Organization's Accounts and Grants Receivable consisted of the following:

Accounts Receivable:	
Child Care - Family Fees	\$ 4,500
Other	<u>25,925</u>
Subtotal Accounts Receivable	<u><u>30,425</u></u>
Grants Receivable:	
Child Care	1,068,666
Older Adult	374,136
Financial Empowerment	<u>64,285</u>
Subtotal Grants Receivable	<u><u>1,507,087</u></u>
Total Accounts and Grants Receivable	<u><u>\$ 1,537,512</u></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.

**PENINSULA FAMILY SERVICE**  
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**NOTE G – INVESTMENTS – (Continued)**

When the fair value of a debt security classified as held-to-maturity is different than its amortized cost, the Agency recognizes the fair value in the financial statements with the unrealized gains and losses reported in these financial statements under net realized and unrealized gain/losses on investments. Interest on securities classified as held-to-maturity is included in investment income.

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

The investments of the Organization have been recorded at fair value at June 30, 2014, and have been categorized based upon a fair value hierarchy.

	June 30, 2014				June 30, 2013
	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>\$ 180,836</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 180,836</b>	<b>\$ 28,663</b>
<b>Level 1 Hierarchy:</b>					
<u>Available-for-Sale:</u>					
Closed End Funds	80,937	2,007		82,944	-
Mutual Funds	1,284,342	198,500	-	1,482,842	1,536,777
Subtotal	<u>1,365,279</u>	<u>200,507</u>	<u>-</u>	<u>1,565,786</u>	<u>1,536,777</u>
<b>Level 3 Hierarchy:</b>					
<u>Available-for-Sale:</u>					
Insurance Annuities	46,571	3,022	-	49,593	48,011
Subtotal	<u>46,571</u>	<u>3,022</u>	<u>-</u>	<u>49,593</u>	<u>48,011</u>
<b>Totals</b>	<b>\$ 1,592,686</b>	<b>\$ 203,529</b>	<b>\$ -</b>	<b>\$ 1,796,215</b>	<b>\$ 1,613,451</b>

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

During the year ended June 30, 2014, available-for-sale securities were sold for total proceeds of \$580,146. The gross realized gains on these sales totaled \$108,299. For the purpose of determining gross realized gains, the cost of securities sold is based on specific identification. The net unrealized holding gains on securities of \$70,161 (which is the change between the above gross unrealized gain of \$203,529 and the prior year's gross unrealized gain of \$133,368) have been included under investment income in the statement of activities for the year ended June 30, 2014.

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).

Changes in Level 3 assets and liabilities measured at fair value for the year ended June 30, 2014 are as follows:

	Level 3 Beginning Balance 7/1/2013	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 6/30/2014	Level 3 Ending Balance 6/30/2014
Investment in 3rd Party						
Life Insurance						
Contracts	\$ <u>48,011</u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>-</u>	\$ <u>1,582</u>	\$ <u>49,593</u>

Total return on investments during the year ended June 30, 2014 was as follows:

	Interest & Dividends	Realized Gain / (Loss) on Sale	Current Year's Unrealized Gain / (Loss)	Total Return on Investment
Money Funds	\$ 19	\$ -	\$ -	\$ 19
Closed End Funds	1,238	-	2,007	3,245
Mutual Funds	81,513	108,300	66,572	256,385
Insurance Annuities	-	-	1,582	1,582
	\$ <u>82,770</u>	\$ <u>108,300</u>	\$ <u>70,161</u>	\$ <u>261,231</u>

**PENINSULA FAMILY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(With Comparative Totals for 2013)**

**NOTE H – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2014 consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value
Building & Improvements	\$ 6,581,406	\$ 2,482,984	\$ 4,098,422
Leasehold Improvements	846,717	651,639	195,078
Furniture & Equipment	1,211,665	965,304	246,361
Computers & Peripherals	251,182	226,778	24,404
Capital Leased Equipment	-	-	-
	<u>8,890,970</u>	<u>4,326,705</u>	<u>4,564,265</u>
Land	987,266	-	987,266
	<u>\$ 9,878,236</u>	<u>\$ 4,326,705</u>	<u>\$ 5,551,531</u>

Total depreciation expense for the year ended June 30, 2014 was \$277,350. Of that amount \$275,883 was charged to expense and \$1,467 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. Stop loss insurance is provided to take care of major claims.

**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 matured on September 30, 2014, the renewal is pending as of the date of this report. 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, 2014 was 3.25%. There was no balance due on the line of credit at June 30, 2014.



**PENINSULA FAMILY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(With Comparative Totals for 2013)**

**NOTE K– DEFERRED REVENUE**

At June 30, 2014, the Organization's deferred revenue consisted of the following:

Child Care	\$ 181,560
Financial Empowerment	66,840
Older Adults	75,007
Operations	2,082
	<u>\$ 325,489</u>

**NOTE L – CHILD CARE RESERVE**

Child development contractors with the California Department of Education (CDE) are allowed, with prior approval, to maintain a reserve account from earned but unexpended child development contract funds. Transfers from a reserve account are considered restricted income for child development programs, but may be applied to any of the contracts that are eligible to contribute to that particular program type. The Organization maintains reserve accounts for Center-Based contracts. Funds for these contracts are deposited in an interest bearing account. The balance for the reserve account at June 30, 2014 totaled \$0.

**NOTE M– NOTES PAYABLE**

At June 30, 2014, 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 August 2017.	\$ 505,222
Note payable to Silicon Valley Community Foundation, secured by deed of trust, with principal and interest at 3% due in annual installments of \$80,791 with a maturity date of March 1, 2015.	78,438
	<u>583,660</u>
Less current portion	103,974
	<u>\$ 479,686</u>

**PENINSULA FAMILY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE M- NOTES PAYABLE – (Continued)**

Future principal maturities on notes payable are as follows:

June 30:	San Mateo County	Silicon Valley Comm. Fndtn.	Total
2015	\$ 25,536	\$ 78,438	\$ 103,974
2016	25,769	-	25,769
2017	26,005	-	26,005
2018	427,912	-	427,912
	<u>\$ 505,222</u>	<u>\$ 78,438</u>	<u>\$ 583,660</u>

**NOTE N – CAPITAL LEASE PAYABLE**

At June 30, 2014, Capital Lease Payable consisted of the following:

Software equipment leased from CISCO capital in monthly installments of principal and interest for approximately \$736	\$ 20,375
Less: Current Portion	<u>7,087</u>
Long-Term Capital Lease Obligation	<u>\$ 13,288</u>

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

Year Ending: June 30, 2015	\$ 8,838
June 30, 2016	8,838
June 30, 2017	<u>7,733</u>
	<u>25,409</u>
Less amount representing interest	<u>5,034</u>
Total future principal payments	<u>\$ 20,375</u>

**NOTE O – 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 FINANCIAL STATEMENTS**  
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**NOTE P – 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 Q – 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 FINANCIAL STATEMENTS**  
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**(With Comparative Totals for 2013)**

**NOTE R – TRANSFERS**

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

**NOTE S – 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:			
2015	\$ 247,849	\$ 6,370	\$ 254,219
2016	90,783	3,840	94,623
2017	78,035	3,156	81,191
2018	46,933	3,046	49,979
2019	7,200	765	7,965
	<u>\$ 470,800</u>	<u>\$ 17,177</u>	<u>\$ 487,977</u>

Total rent expense for the year ended June 30, 2014 was \$ 241,520.

**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 T – SUBSEQUENT EVENTS**

The Organization has evaluated their financial position and activities from the June 30, 2014 year end of this report through December 10, 2014 which is the date that the financial statements were available to be issued. No material subsequent event items that require recognition or disclosure were identified.

## ADDITIONAL INFORMATION

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2014**

Grantor / Pass-Through Grantor / or Program Title	Federal CFDA Number	Entity Identifying Number	Grant Award Amount		Revenue Earned / Expenditures	
			Federal	State	Federal	State
<b>U.S. Department of Agriculture:</b>						
<u>Pass-Through Program From:</u>						
<u>State Department of Education -</u>						
Child Care Food Program - Center	10.558	41-1664-1A	\$ 310,257	\$ -	\$ 310,257	\$ -
San Mateo County-						
Senior Farmers Market Nutrition Program	10.576	N/A	900	-	900	-
			311,157	-	311,157	-
						311,157
<b>U.S. Department of Health &amp; Human Services:</b>						
<u>Early Head Start (1/1/13 - 12/31/13)</u>						
Early Head Start (1/1/14 - 12/31/14)	93.600	09CH9089/02	1,023,369	-	512,071	-
	93.600	09CH9089/03	1,092,520	-	512,567	-
<u>Pass-Through Program From:</u>						
<u>California Department of Education-</u>						
General Child Care Center	93.596/93.575	CCTR - 3262	751,273	831,406	751,273	831,406
State Preschool	93.596/93.575	CSPP - 3509	450,330	1,041,163	444,365	1,027,371
Renovation and Repair	93.575	CRPM - 2069	38,548	-	16,980	-
						16,980
<u>San Mateo County Office of Education-</u>						
State Preschool	--	CSPP - 3515	-	487,715	-	413,275
CalSafe	--	51125	-	185,462	-	185,462
Sequoia USD	--	51125	-	19,300	-	19,300
<u>San Mateo County-</u>						
Title III B: Information & Assistance	93.044	N/A	27,228	-	27,228	-
Title III B: Employment	93.044	N/A	38,305	-	38,305	-
Title III C1: Nutrition	93.045	N/A	26,796	-	26,796	-
Title III C1 NSIP: Nutrition	93.053	N/A	4,594	-	4,594	-
			3,452,963	2,565,046	2,334,179	2,476,814
						4,810,993
<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	AD-24193-1255A-1131	1,267,936	-	1,267,936	-
			1,267,936	-	1,267,936	-
						1,267,936
<b>U.S. Department of Transportation:</b>						
<u>Pass-Through Program From:</u>						
<u>Metropolitan Transportation Commission (MTC)-</u>						
Lifeline Transportation Program	20.516	N/A	113,246	-	21,999	-
Lifeline Transportation Program	20.516	N/A	125,000	-	103,203	-
			238,246	-	125,202	-
						125,202

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2014**

Grantor / Pass-Through Grantor / or Program Title	Federal CFDA Number	Entity Identifying Number	Grant Award Amount		Revenue Earned / Expenditures	
			Federal	State	Federal	State
<b><u>U.S. Department of Housing &amp; Urban Development:</u></b>						
<b><u>Pass-Through Program From:</u></b>						
City of Daly City-						
Community Develop. Block Grant	14.218	N/A	24,200	-	24,200	-
						24,200
City of Redwood City-						
Community Develop. Block Grant	14.218	N/A	15,000	-	15,000	-
						15,000
			39,200	-	39,200	-
						39,200
<b>Total Federal and State Awards</b>			<b>\$ 5,309,502</b>	<b>\$ 2,565,046</b>	<b>\$ 4,077,674</b>	<b>\$ 2,476,814</b>
						<b>\$ 6,554,488</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.

**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**

December 10, 2014

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Peninsula Family Service**, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2014.

**Internal Control Over Financial Reporting**

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

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



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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

  
Certified Public Accountants, Inc.  
Novato, California



**RANDOLPH SCOTT & COMPANY**  
C E R T I F I E D   P U B L I C   A C C O U N T A N T S ,   I N C .

**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**

December 10, 2014

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Peninsula Family Service**, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2014.

**Internal Control Over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

  
**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

December 10, 2014

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, 2014. **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, 2014.

**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, 2014**

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-3262: General Child Care Center CSPP-3509: 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
Human Resources Director	Kathleen Espino
Report Period:	Fiscal Year Ended June 30, 2014
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, 2014

	Early Head Start HB & Admin	General Center CCTR-3262	State Preschool CSPP-3509	Renovation & Repair CRPM-2069	San Mateo Co. Office of Ed CSPP-3515	Redwood CalSafe	General Funds	Total All Child Care
<b>PUBLIC SUPPORT AND REVENUE</b>								
Grant Income:								
Early Head Start	\$ 383,809	\$ 285,297	\$ 355,532	\$ 16,980	\$	\$	\$	\$ 1,024,638
California Dept. of Education		1,582,679	1,471,736					3,071,395
Child Care Food Program		132,464	166,759			11,034		310,257
County of San Mateo		39,008	48,610		413,275			500,893
Other Grants		101,595	126,605			204,762		432,962
Pledges and Contributions:								
Contributions		62,341	77,688			310	22,073	162,412
Contributions - In-Kind	50,887					43,808		94,695
Earned Income:								
Fees - Program Services		213,752	137,684		47,175			398,611
Other Income:								
Other Income		3,586	4,469					8,055
<b>Total Public Support and Revenue</b>	<b>434,696</b>	<b>2,420,722</b>	<b>2,389,083</b>	<b>16,980</b>	<b>460,450</b>	<b>259,914</b>	<b>22,073</b>	<b>6,003,918</b>
<b>EXPENDITURES</b>								
Salaries and wages	247,926	1,076,163	1,341,094	-	283,454	149,110	-	3,097,747
Payroll taxes	23,612	107,827	134,371	-	21,684	15,098	-	302,592
Employee benefits	40,054	249,179	310,522	-	56,641	35,230	-	691,626
Professional & Outside services	24,462	254,874	317,619	-	14,301	54,437	-	665,693
Supplies	3,164	38,530	48,015	-	17,033	5,053	-	111,795
Food & Refreshments	2,407	167,953	209,300	-	6,138	12,214	-	398,012
Telephone & Internet	2,205	15,878	19,787	-	-	2,344	-	40,214
Postage, Delivery & Printing	229	1,936	2,413	-	-	474	-	5,052
Occupancy	-	144,371	179,913	-	106,818	545	-	431,647
Insurance	4,382	15,584	19,420	-	8,272	2,795	-	50,453
Rental & Maintenance of Equipment	734	9,225	11,496	-	-	-	-	21,455
Travel	5,072	2,651	3,304	-	-	102	-	11,129
Conferences & Trainings	27,289	4,066	5,068	-	1,257	1,582	-	39,262
Equipment & Improvements	509	6,037	7,524	16,980	-	137	-	31,187
Depreciation	-	22,587	28,148	-	-	709	-	51,444
Interest & Bank Fees	-	-	-	-	-	-	-	-
Miscellaneous Expense	16,838	17,767	22,139	-	12,834	1,646	-	71,224
In-Kind Expense	50,887	-	-	-	-	43,808	-	94,695
Allocation of Administrative and								
Support Expenditures (Note A)	40,882	257,731	321,180	-	25,786	40,279	-	685,858
<b>Total Expenditures</b>	<b>490,652</b>	<b>2,392,359</b>	<b>2,981,313</b>	<b>16,980</b>	<b>554,218</b>	<b>365,563</b>	<b>-</b>	<b>6,801,085</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (55,956)</b>	<b>\$ 28,363</b>	<b>\$ (592,230)</b>	<b>\$ -</b>	<b>\$ (93,768)</b>	<b>\$ (105,649)</b>	<b>\$ 22,073</b>	<b>\$ (797,167)</b>

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF EXPENDITURES BY STATE CATEGORIES**  
**YEAR ENDED JUNE 30, 2014**

	General Child Care CCTR - 3262	State Preschool CSPP-3509	Renovation & Repair CRPM - 2069	San Mateo Co. State Preschool CSPP-3515	Non-CDE Operating Programs	Total All Child Care Programs
<b>EXPENDITURES</b>						
Direct payments to providers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1000 Certified salaries	592,026	564,154	-	245,739	-	1,401,919
2000 Classified salaries	292,553	538,192	-	37,715	397,036	1,265,496
3000 Employee benefits	293,450	365,691	-	78,325	113,994	851,460
4000 Books and supplies	169,724	286,027	-	23,171	22,838	501,760
5000 Services and other operating expenses	595,178	667,180	-	169,268	320,992	1,752,618
6100/6200 Other approved capital outlay	4,962	6,185	16,980	-	646	28,773
6400 New equipment	-	-	-	-	-	-
6500 Replacement equipment	-	-	-	-	-	-
Depreciation on assets not purchased with public funds	-	-	-	-	-	-
Start-up expenses - service level exemption	18,566	23,137	-	-	709	42,412
Indirect costs	-	-	-	-	-	-
Total expenses claimed for reimbursement	1,966,459	2,450,566	16,980	554,218	856,215	5,844,438
Supplemental expenses (Non-CDE Programs)	425,900	530,747	-	-	-	956,647
Total Expenditures	\$ 2,392,359	\$ 2,981,313	\$ 16,980	\$ 554,218	\$ 856,215	\$ 6,801,085

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

**PENINSULA FAMILY SERVICE**

**SCHEDULE OF REIMBURSABLE EQUIPMENT EXPENDITURES AND  
SCHEDULE OF REIMBURSABLE EXPENDITURES FOR RENOVATIONS AND REPAIRS  
YEAR ENDED JUNE 30, 2014**

**EQUIPMENT EXPENDITURES:**

	General Center CCTR-3262	State Preschool CSPP-3509	Renov. & Repair CRPM-2069	SM County Office of Ed. CPSS-3515	Other Non-CDE Programs	Total
<b>UNIT COST UNDER \$7,500 PER ITEM -</b>						
Minor computer equipment below \$5,000	\$ 821	\$ 1,024	\$	\$	\$ 646	\$ 2,491
Minor child care equipment below \$5,000	3,570	4,449				8,019
<b>UNIT COST OVER \$7,500 PER ITEM</b>						
<b>WITH PRIOR WRITTEN APPROVAL -</b>						
None.						-
<b>UNIT COST OVER \$7,500 PER ITEM</b>						
<b>WITHOUT PRIOR WRITTEN APPROVAL -</b>						
None.						-
<b>TOTAL EQUIPMENT EXPENDITURES</b>	<b>\$ 4,391</b>	<b>\$ 5,473</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 646</b>	<b>\$ 10,510</b>

**RENOVATIONS AND REPAIRS:**

<b>UNIT COST UNDER \$10,000 PER ITEM-</b>						
Furnace enclosures -repairs	\$	\$	\$ 4,475	\$	\$	\$ 4,475
Immaterial repairs under \$2,000	1,646	2,051	1,299			4,996
<b>UNIT COST \$10,000 OR MORE PER ITEM</b>						
<b>WITH PRIOR WRITTEN APPROVAL -</b>						
Bathroom remodel			11,206			11,206
<b>UNIT COST \$10,000 OR MORE PER ITEM</b>						
<b>WITHOUT PRIOR WRITTEN APPROVAL -</b>						
None.						-
<b>TOTAL RENOVATIONS &amp; REPAIRS</b>	<b>\$ 1,646</b>	<b>\$ 2,051</b>	<b>\$ 16,980</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 20,677</b>

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, 2014**

	General Center <u>CCTR-3262</u>	State Preschool <u>CSPP-3509</u>	San Mateo County Preschool <u>CSPP-3515</u>
Salaries and wages	\$ 160,100	\$ 199,513	\$ 16,018
Payroll taxes	14,480	18,045	1,449
Employee benefits	16,822	20,964	1,683
Professional & Outside services	41,447	51,650	4,147
Supplies	1,182	1,473	118
Food & Refreshments	2,299	2,866	230
Telephone & Internet	559	696	56
Postage, Delivery & Printing	2,771	3,453	277
Occupancy	891	1,110	89
Insurance	1,912	2,383	191
Rental & Maintenance of Equipment	1,030	1,284	103
Travel	409	510	41
Conferences & Trainings	1,261	1,571	126
Equipment & Improvements	543	676	54
Depreciation	-	-	-
Interest & Bank Fees	709	884	71
Miscellaneous Expense	11,317	14,103	1,132
In-Kind Expense	-	-	-
<i>Total Administrative Costs</i>	\$ <u>257,731</u>	\$ <u>321,180</u>	\$ <u>25,786</u>
 Program Administrative Costs	 \$ 211,848	 \$ 264,002	 \$ 25,786
Supplemental Costs	45,883	57,178	-
	\$ <u>257,731</u>	\$ <u>321,180</u>	\$ <u>25,786</u>

**AUDITED ATTENDANCE AND FISCAL REPORT  
for Child Development Programs**

Agency Name: PeninsFamily Service

Vendor No. 41-B629

Fiscal Year Ended: June 30, 2014

Contract No. CCTR - 3262

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

SECTION I - CERTIFIED CHILDREN ENROLLMENT	DAYS OF	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		3,677		3,677	1.700	6,250.900
Three-quarters-time		2,000		2,000	1.275	2,550.000
One-half-time		296		296	0.935	276.760
<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		14,334		14,334	1.400	20,067.600
Three-quarters-time		2,745		2,745	1.050	2,882.250
On-half-time		116		116	0.770	89.320
<i>Three Years and Older</i>						
Full-time-plus		-		-	1.180	-
Full-time		1,973		1,973	1.000	1,973.000
Three-quarters-time		159		159	0.750	119.250
One-half-time		-		-	0.550	-
<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		5,056		5,056	1.100	5,561.600
Three-quarters-time		2,570		2,570	0.825	2,120.250
One-half-time		5,353		5,353	0.605	3,238.565
<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>		38,279	-	38,279		45,129.495
<b>DAYS OF OPERATION</b>		246	-	246		
<b>DAYS OF ATTENDANCE</b>		38,174	-	38,174		

☐ 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: PeninsFamily Service

Vendor No. 41-B629

Fiscal Year Ended: June 30, 2014

Contract No. CCTR - 3262

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. <b>DAYS OF ENROLLMENT</b>	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	-		-	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	816		816	1.000	816.000
Three-quarters-time	173		173	0.750	129.750
One-half-time	4,660		4,660	0.550	2,563.000
<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>5,649</b>	<b>-</b>	<b>5,649</b>		<b>3,508.750</b>

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

**AUDITED ATTENDANCE AND FISCAL REPORT  
for Child Development Programs**

Agency Name: PeninsFamily Service Vendor No. 41-B629

Fiscal Year End: June 30, 2014 Contract No. CCTR - 3262

Insert Any Commingled Contract No. \_\_\_\_\_

	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	\$132,464	\$0	\$132,464
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify): Field Trip Fees	561		561
<b>Subtotal</b>	\$133,025	\$0	\$133,025
Transfer from Reserve Contract #			0
Contract #			0
Family Fees for Certified Children			
CCTR Program Contract # CCTR - 3262	84,095	760	84,855
CSPP Full-Day Program Contract #			0
CSPP Part-Day Program Contract #			0
Interest Earned on Apportionments Contract #			0
Contract #			0
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children	128,772	(436)	128,336
Head Start Program (EC § 8235(b))			0
Other (Specify): Contributions & Other		65,927	65,927
<b>TOTAL REVENUE</b>	\$345,892	\$66,251	\$412,143

**SECTION IV - REIMBURSABLE EXPENSES**

<i>Direct Payments to Providers (FCCH Only)</i>	\$0	\$0	\$0
1000 Certificated Salaries	592,026		592,026
2000 Classified Salaries	324,068	(31,515)	292,553
3000 Employee Benefits	327,635	(34,185)	293,450
4000 Books and Supplies	372,531	(202,807)	169,724
5000 Services and Other Operating Expenses	444,421	150,757	595,178
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)	5,975	(1,013)	4,962
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance		18,566	18,566
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>	\$2,066,656	(\$100,197)	\$1,966,459
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$203,143	\$8,705	\$211,848

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program

Requirements of the California Department of Education, Child Development Division:

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

☒ YES

☐ NO - Explain any discrepancies.

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

☒ YES

☐ NO - Explain any discrepancies.

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

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

California Department of Education

**AUDITED ATTENDANCE AND FISCAL REPORT  
for Child Development Programs**

Agency Name: PeninsFamily Service Vendor No. 41-B629  
 Fiscal Year End: June 30, 2014 Contract No. CCTR - 3262  
 Insert Any Commingled Contract Number \_\_\_\_\_

	COLUMN A	COLUMN B	COLUMN C
SECTION V - SUPPLEMENTAL REVENUE	CUMULATIVE FISCAL YEAR PER	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
Enhancement Funding	\$1,225,638	(\$940,341)	\$285,297
Other (Specify): County		39,008	39,008
Other (Specify): Other Grants		101,595	101,595
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>\$1,225,638</b>	<b>(\$799,738)</b>	<b>\$425,900</b>

**SECTION VI - SUPPLEMENTAL EXPENSES**

<b>EXPENSES RELATED TO SUPPLEMENTAL REVENUE</b>			
1000 Certificated Salaries	\$515,374	(\$323,790)	\$191,584
2000 Classified Salaries	172,463	(172,463)	0
3000 Employee Benefits	179,121	(115,565)	63,556
4000 Books and Supplies	216,207	(179,448)	36,759
5000 Services and Other Operating Expenses	141,780	(12,875)	128,905
6000 Equipment/Other Capital Outlay	693	382	1,075
Depreciation or Use Allowance		4,021	4,021
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>\$1,225,638</b>	<b>(\$799,738)</b>	<b>\$425,900</b>

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



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

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

Fiscal Year Ended: June 30, 2014 Contract No. CSPP - 3509

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-SM	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	-		-	1.180	-
Full-time	4,162		4,162	1.000	4,162.000
Three-quarters-time	1,270		1,270	0.750	952.500
One-half-time	16		16	0.580	9.280
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.580	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	30,799		30,799	1.100	33,878.900
Three-quarters-time	4,133		4,133	0.825	3,409.725
One-half-time	577		577	0.580	334.660
<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	-		-	0.580	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.580	-
<b>TOTAL DAYS OF ENROLLMENT</b>	40,957	-	40,957		42,747.065
<b>DAYS OF OPERATION</b>	246	-	246		
<b>DAYS OF ATTENDANCE</b>	40,851	-	40,851		

☐ 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**  
**SAN MATEO PILOT**

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

Fiscal Year Ended: June 30, 2014 Contract No. CSPP - 3509

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	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM	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	-		-	1.180	-
Full-time	471		471	1.000	471.000
Three-quarters-time	-		-	0.750	-
One-half-time	-		-	0.580	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.580	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.580	-
<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	-		-	0.580	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.580	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>471</b>	<b>-</b>	<b>471</b>		<b>471.000</b>

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

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

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

Fiscal Year End: June 30, 2014 Contract No. CSPP - 3509

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
RESTRICTED INCOME			
Child Nutrition Programs	\$165,074	\$1,685	\$166,759
County Maintenance of Effort (EC § 8279)			0
Other (Specify): Field Trip Fees	698	(24)	674
Other (Specify):			0
<b>Subtotal</b>	\$165,772	\$1,661	\$167,433
Transfer from Reserve			0
Family Fees for Certified Children Full-Day Program	113,492	1,543	115,035
Family Fees for Certified Children Part-Day Program			0
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	65,574	(43,599)	21,975
Head Start Program (EC § 8235(b))			0
Other (Specify): Contributions & Other		82,157	82,157
<b>TOTAL REVENUE</b>	\$344,838	\$41,762	\$386,600

**SECTION IV - REIMBURSABLE EXPENSES**

1000 Certificated Salaries	\$564,154	\$0	\$564,154
2000 Classified Salaries	366,133	172,059	538,192
3000 Employee Benefits	342,079	23,612	365,691
4000 Books and Supplies	443,682	(157,655)	286,027
5000 Services and Other Operating Expenses	498,390	168,790	667,180
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)	7,446	(1,261)	6,185
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance		23,137	23,137
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>	\$2,221,884	\$228,682	\$2,450,566
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$243,593	\$20,409	\$264,002

FOR CDE-A&I USE ONLY:

**Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program**

**Requirements of the California Department of Education, Child Development Division:**

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

☒ YES

☐ NO - Explain any discrepancies.

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

☒ YES

☐ NO - Explain any discrepancies.

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

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

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

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

Fiscal Year End: June 30, 2014 Contract No. CSPP - 3509

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION V - SUPPLEMENTAL REVENUE</b>			
Enhancement Funding	\$632,523	(\$276,991)	\$355,532
Other (Specify): County		48,610	48,610
Other (Specify): Other Grants		126,605	126,605
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>\$632,523</b>	<b>(\$101,776)</b>	<b>\$530,747</b>

**SECTION VI - SUPPLEMENTAL EXPENSES**

<b>EXPENSES RELATED TO SUPPLEMENTAL REVENUE</b>			
1000 Certificated Salaries	\$323,602	(\$84,854)	\$238,748
2000 Classified Salaries	37,714	(37,714)	0
3000 Employee Benefits	88,406	(9,204)	79,202
4000 Books and Supplies	61,266	(15,458)	45,808
5000 Services and Other Operating Expenses	121,535	45,454	166,989
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
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>\$632,523</b>	<b>(\$101,776)</b>	<b>\$530,747</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, 2014 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	\$0	\$0	\$0
Other (Specify):				0
Other (Specify):				0
<b>Subtotal</b>	\$0	\$0	\$0	\$0
INTEREST EARNED ON APPORTIONMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
Other (Specify):				0
<b>TOTAL REVENUE</b>	\$0	\$0	\$0	\$0

**SECTION II - REIMBURSABLE EXPENSES**

1000 Certificated Salaries	\$0	\$0	\$0	\$0
2000 Classified Salaries				0
3000 Employee Benefits				0
4000 Books and Supplies				0
5000 Services and Other Operating Expenses				0
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment ( <i>program-related</i> )		16,142		16,142
6500 Replacement Equipment ( <i>program-related</i> )	14,195	838		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>	\$14,195	\$16,980	\$0	\$31,175
FOR CDE-A&I USE ONLY:				

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

☒ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report

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

Agency Name: Peninsula Family Service on behalf of San Mateo County, Office of Education Vendor No. 41-B629

Fiscal Year Ended: June 30, 2014 Contract No. CSPP - 3515

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-SM	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	-		-	1.180	-
Full-time	2,682		2,682	1.000	2,682.000
Three-quarters-time	11		11	0.750	8.250
One-half-time	2,247		2,247	0.580	1,303.260
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.580	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	7,196		7,196	1.100	7,915.600
Three-quarters-time	330		330	0.825	272.250
One-half-time	5,611		5,611	0.580	3,254.380
<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	-		-	0.580	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.580	-
<b>TOTAL DAYS OF ENROLLMENT</b>	18,077	-	18,077		15,435.740
<b>DAYS OF OPERATION</b>	246	-	246		
<b>DAYS OF ATTENDANCE</b>	18,015	-	18,015		

☒ 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  
SAN MATEO PILOT**

Agency Name: **Peninsula Family Service on behalf of  
San Mateo County, Office of Education** Vendor No. **41-B629**

Fiscal Year End: **June 30, 2014** Contract No. **CSPP - 3515**

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501-SM	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): Field Trip Fees			0
Other (Specify):			0
<b>Subtotal</b>	\$0	\$0	\$0
Transfer from Reserve			0
Family Fees for Certified Children Full-Day Program	39,970	7,205	47,175
Family Fees for Certified Children Part-Day Program	8,429		8,429
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify): Contributions & Other			0
<b>TOTAL REVENUE</b>	\$48,399	\$7,205	\$55,604

<b>SECTION IV - REIMBURSABLE EXPENSES</b>			
1000 Certificated Salaries	\$245,739	\$0	\$245,739
2000 Classified Salaries	37,714	1	37,715
3000 Employee Benefits	78,325	0	78,325
4000 Books and Supplies	23,172	(1)	23,171
5000 Services and Other Operating Expenses	169,268		169,268
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$554,218	\$0	\$554,218
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$25,785	\$1	\$25,786
FOR CDE-A&I USE ONLY:			

**Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program**

**Requirements of the California Department of Education, Child Development Division:**

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

☒ YES

☐ NO - Explain any discrepancies.

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

☒ YES

☐ NO - Explain any discrepancies.

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

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

## AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: Peninsula Family Service

Fiscal Year End: June 30, 2014

Vendor No. 41-B629

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

**RESERVE ACCOUNT TYPE (Check One):**

- ☒ Center Based  
☐ Resource and Referral  
☐ Alternative Payment

**COLUMN A      COLUMN B      COLUMN C**

**PER AGENCY**

**AUDIT  
ADJUSTMENT  
INCREASE OR  
(DECREASE)**

**PER AUDIT**

**LAST YEAR:**

<b>1. Beginning Balance</b> (must equal ending balance from Last Year's AUD 9530-A)	\$0	\$0	\$0
<b>2. Plus Transfers from Contracts to Reserve Account</b> (based on last year's post-audit CDFS 9530, Section IV):			
Contract No.	\$0	\$0	\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	0	0	0
<b>3. Less Excess Reserve to be Billed</b> (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)	\$0		\$0
<b>4. Ending Balance on Last Year's Post-Audit CDFS 9530</b>	\$0	\$0	\$0

**THIS YEAR:**

<b>5. Plus Interest Earned This Year on Reserve Funds</b> (column A must agree with this year's CDFS 9530-A, Section II)	\$0	\$0	\$0
<b>6. Less Transfers to Contracts from Reserve Account</b> (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
Contract No.	\$0	\$0	\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Contracts from Reserve Account	0	0	0
<b>7. Ending Balance on June 30, 2014</b> (column A must agree with this year's CDFS 9530-A, Section IV)	\$0	\$0	\$0

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



**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2014**

**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 Agriculture:

Child Care Food Program CFDA: 10.558

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, 2014

**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.