

**PENINSULA FAMILY SERVICE**

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

**YEAR ENDED JUNE 30, 2016**  
**(With Comparative Totals for 2015)**

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December 2, 2016

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

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated financial statements of **Peninsula Family Service**, which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

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

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

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **Peninsula Family Service**, as of June 30, 2016, 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, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the supplemental reporting requirements of the California Department of Education as found on pages 34 through 48, are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2016 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 2, 2016

***Report on Summarized Comparative Information***

We have previously audited the **Peninsula Family Service's** 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Randolph Scott & Co.*

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

**PENINSULA FAMILY SERVICE & RELATED ENTITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**  
(With Comparative Totals for 2015)

	Peninsula Family Service					Subtotal Peninsula Family Service	Related Entity (Note A)	Total All Funds	
								6/30/2016	Comparative 6/30/2015
	General	Temporarily Restricted	Permanently Restricted						
<b>ASSETS</b>									
CURRENT ASSETS:									
Cash and Cash Equivalents (Note A)	\$ 297,343	\$ 145,132	\$ 279	\$ 442,754	\$ 68,165	\$ 510,919	\$ 181,686		
Current Portion of Pledge Receivable (Note F)	-	24,099	-	24,099	-	24,099	23,230		
Accounts and Grants Receivable (Note G)	1,318,077	-	-	1,318,077	-	1,318,077	1,374,197		
Prepaid Expenses	239,302	-	-	239,302	-	239,302	228,782		
Due to / (from) other funds	(10,311)	10,311	-	-	-	-	-		
Total Current Assets	1,844,411	179,542	279	2,024,232	68,165	2,092,397	1,807,895		
LONG-TERM INVESTMENTS (Note H)	272,890	361,196	1,399,192	2,033,278	-	2,033,278	1,711,878		
LONG-TERM PLEDGE RECEIVABLE	-	-	-	-	-	-	24,098		
PROPERTY AND EQUIPMENT (Note I)	4,995,040	22,469	-	5,017,509	-	5,017,509	5,335,850		
OTHER ASSETS:									
Assets Reserved for Unemployment Claims	-	-	-	-	-	-	23,448		
Refundable Deposits	2,701	-	-	2,701	-	2,701	2,701		
TOTAL ASSETS	\$ 7,115,042	\$ 563,207	\$ 1,399,471	\$ 9,077,720	\$ 68,165	\$ 9,145,885	\$ 8,905,870		
<b>LIABILITIES AND NET ASSETS</b>									
CURRENT LIABILITIES:									
Line of Credit (Note K)	\$ -	-	-	-	\$ -	\$ -	\$ 100,000		
Current Portion of Notes Payable (Note L)	26,005	-	-	26,005	-	26,005	25,769		
Current Portion of Capital Lease (Note M)	6,201	-	-	6,201	-	6,201	7,087		
Accounts Payable and Accrued Expenses	859,837	-	-	859,837	-	859,837	722,023		
Deferred Revenue	324,267	-	-	324,267	-	324,267	213,106		
Total Current Liabilities	1,216,310	-	-	1,216,310	-	1,216,310	1,067,985		
NOTES PAYABLE (Note L)	427,908	-	-	427,908	-	427,908	453,913		
OBLIGATION UNDER CAPITAL LEASE (Note M)	-	-	-	-	-	-	6,201		
OTHER LIABILITIES:									
Reserve for Loan Guarantees	-	-	-	-	-	-	14,067		
Reserve for Future Unemployment Claims	-	-	-	-	-	-	23,448		
COMMITMENTS AND CONTINGENCIES (Note R)									
Total Liabilities	1,644,218	-	-	1,644,218	-	1,644,218	1,565,614		
NET ASSETS									
Unrestricted	5,420,824	-	-	5,420,824	28,165	5,448,989	5,538,236		
Unrestricted, Designated (Note B)	50,000	-	-	50,000	40,000	90,000	-		
Temporarily Restricted (Note C)	-	563,207	-	563,207	-	563,207	405,049		
Permanently Restricted (Note D)	-	-	1,399,471	1,399,471	-	1,399,471	1,396,971		
NET ASSETS	5,470,824	563,207	1,399,471	7,433,502	68,165	7,501,667	7,340,256		
TOTAL LIABILITIES AND NET ASSETS	\$ 7,115,042	\$ 563,207	\$ 1,399,471	\$ 9,077,720	\$ 68,165	\$ 9,145,885	\$ 8,905,870		

See Notes to Financial Statements.

**PENINSULA FAMILY SERVICE & RELATED ENTITY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
YEAR ENDED JUNE 30, 2016  
(With Comparative Totals for 2015)

	Peninsula Family Service				Related Entity (Note A)	Total All Funds	
	General Unrestricted	Temporarily Restricted	Permanently Restricted	Subtotal Peninsula Family Service		6/30/2016	Comparative 6/30/2015
<b>REVENUE AND SUPPORT</b>							
Grant Income:							
Early Head Start	\$ 1,090,232	\$ -	\$ -	\$ 1,090,232	\$ -	\$ 1,090,232	\$ 1,106,282
California Department of Education	3,082,125	-	-	3,082,125	-	3,082,125	3,401,600
County of San Mateo	661,273	-	-	661,273	-	661,273	984,265
National Council on Aging	1,269,175	-	-	1,269,175	-	1,269,175	1,269,724
Other Grants	2,752,812	-	-	2,752,812	-	2,752,812	1,459,800
Pledges and Contributions:							
Contributions	2,181,803	321,847	2,500	2,506,150	43,165	2,549,315	1,848,443
Contributions - In-kind	716,764	-	-	716,764	285,211	1,001,975	926,376
Investment Income: Interest & Dividends	5,842	111,789	-	117,631	-	117,631	99,456
Earned Income: Fees - Program Services	372,672	-	-	372,672	1,065	373,737	400,585
Other Income	46,811	-	-	46,811	19,217	66,028	178,188
Net Assets Released from Restrictions (Note E):							
Satisfaction of Program Restrictions	136,602	(136,602)	-	-	-	-	-
Expiration of Time Restrictions							(3,489)
<b>TOTAL REVENUE AND SUPPORT</b>	<b>12,316,111</b>	<b>297,034</b>	<b>2,500</b>	<b>12,615,645</b>	<b>348,658</b>	<b>12,964,303</b>	<b>11,671,230</b>
<b>EXPENDITURES</b>							
Early Learning	7,284,165			7,284,165		7,284,165	6,842,642
Older Adults	1,994,387			1,994,387		1,994,387	1,895,963
Financial Empowerment	1,904,901			1,904,901		1,904,901	2,039,323
Administration & Advancement	853,358			853,358		853,358	772,182
Related Entity				-	305,493	305,493	-
<b>TOTAL EXPENDITURES</b>	<b>12,036,811</b>	<b>-</b>	<b>-</b>	<b>12,036,811</b>	<b>305,493</b>	<b>12,342,304</b>	<b>11,550,110</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>279,300</b>	<b>297,034</b>	<b>2,500</b>	<b>578,834</b>	<b>43,165</b>	<b>621,999</b>	<b>121,120</b>
<b>NON-OPERATING REVENUE AND EXPENSE:</b>							
Realized Gain/(Loss) on Investments	(1,602)	(140,354)	-	(141,956)		(141,956)	71,614
Unrealized Gain/(Loss) on Investments	15,223	9,890	-	25,113		25,113	(173,690)
Loss on Disposal of Assets	(38,620)	-	-	(38,620)		(38,620)	-
Depreciation (Note I)	(296,713)	-	-	(296,713)		(296,713)	(290,232)
	(321,712)	(130,464)	-	(452,176)	-	(452,176)	(392,308)
<b>TOTAL CHANGES TO NET ASSETS:</b>	<b>(42,412)</b>	<b>166,570</b>	<b>2,500</b>	<b>126,658</b>	<b>43,165</b>	<b>169,823</b>	<b>(271,188)</b>
<b>Other Changes to Net Assets:</b>							
Additions of Restricted Capital Assets (Note A)		(8,412)		(8,412)		-	23,975
Depreciation of Restricted Capital Assets (Note A)						(8,412)	(2,833)
<b>NET ASSETS, beginning of year</b>	<b>5,513,236</b>	<b>405,049</b>	<b>1,396,971</b>	<b>7,315,256</b>	<b>25,000</b>	<b>7,340,256</b>	<b>7,590,302</b>
<b>NET ASSETS, end of year</b>	<b>\$ 5,470,824</b>	<b>\$ 563,207</b>	<b>\$ 1,399,471</b>	<b>\$ 7,433,502</b>	<b>\$ 68,165</b>	<b>\$ 7,501,667</b>	<b>\$ 7,340,256</b>

See Notes to Financial Statements.

**PENINSULA FAMILY SERVICE  
& RELATED ENTITY**  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2016  
(With Comparative Totals for 2015)

**Peninsula Family Service Programs**

	Program Services				Administration and Advancement	Subtotal Peninsula Family Service	Related Entity (Note A)	Total All Funds	
	Early Learning	Older Adults	Financial Empowerment					6/30/2016	Comparative 6/30/2015
<b>EXPENSES</b>									
Operating Expenses:									
Salaries and wages	\$ 3,370,837	\$ 824,585	\$ 1,224,645	\$ 1,368,823	\$ 6,788,890	\$ 6,788,890	\$	\$ 6,788,890	\$ 6,214,150
Payroll taxes	280,696	68,130	95,206	107,764	551,796	551,796		551,796	524,634
Employee benefits	853,059	107,026	57,015	130,472	1,147,572	1,147,572		1,147,572	1,026,200
Professional & Outside services	639,175	221,327	12,814	256,172	1,129,488	1,129,488	5,451	1,134,939	1,045,384
Supplies	150,729	6,518	5,311	13,342	175,900	175,900		175,900	171,638
Food & Refreshments	383,316	72,962	1,338	9,080	466,696	466,696		466,696	485,794
Telephone & Internet	21,809	9,613	10,697	11,466	53,585	53,585		53,585	69,997
Postage, Delivery & Printing	8,598	2,971	7,491	17,671	36,731	36,731		36,731	48,133
Occupancy	432,423	14,511	47,014	(21,628)	472,320	472,320		472,320	492,378
Insurance	63,450	9,473	6,773	12,960	92,656	92,656		92,656	95,758
Rental & Maint. of Equipment	26,918	5,804	5,113	47,637	85,472	85,472		85,472	80,124
Travel	13,433	13,343	4,181	2,685	33,642	33,642		33,642	49,045
Conferences & Trainings	6,027	4,137	-	4,759	14,923	14,923		14,923	35,222
Equipment & Improvements	19,657	916	4,424	29,184	54,181	54,181		54,181	53,659
Interest & Bank Fees	-	-	54	21,510	21,564	21,564		21,564	24,827
Miscellaneous Expense	148,334	56,069	69,075	(78,847)	194,631	194,631	14,831	209,462	206,791
In-kind Expense (Note A)	153,021	404,152	159,591	-	716,764	716,764	285,211	1,001,975	926,376
Subtotal Operating Expenses, prior to administrative costs	6,571,482	1,821,537	1,710,742	1,933,050	12,036,811	12,036,811	305,493	12,342,304	11,550,110
Allocation of Administrative Costs (Note A)	712,683	172,850	194,159	(1,079,692)	-	-		-	-
Subtotal Operating Expenses	7,284,165	1,994,387	1,904,901	853,358	12,036,811	12,036,811	305,493	12,342,304	11,550,110
Non-Operating Expenses:									
Depreciation (Note I)	57,862	-	2,703	236,148	296,713	296,713		296,713	290,232
<b>TOTAL EXPENSES</b>	<b>\$ 7,342,027</b>	<b>\$ 1,994,387</b>	<b>\$ 1,907,604</b>	<b>\$ 1,089,506</b>	<b>\$ 12,333,524</b>	<b>\$ 12,333,524</b>	<b>\$ 305,493</b>	<b>\$ 12,639,017</b>	<b>\$ 11,840,342</b>

See Notes to Financial Statements.



**PENINSULA FAMILY SERVICE**  
**& RELATED ENTITY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2016**  
**(With Comparative Totals for 2015)**

	Peninsula Family Service	Related Entity (Note A)	Total All Funds	
			6/30/2016	Comparative 6/30/2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Change in Net Assets	\$ 126,658	\$ 43,165	\$ 169,823	\$ (246,188)
Adjustments to Reconcile Net Revenue & Support to Cash Provided by Operating Activities:				
Depreciation, net of amount charged to net assets	296,713		296,713	290,232
Loss on Disposal of Assets	38,620		38,620	-
Net Realized and Unrealized (Gain) / Loss on Assets	116,843		116,843	103,651
(Increase)/Decrease in Cash Value of Life Insurance Policies	-		-	(1,575)
Transfer Unrestricted Net Assets	-		-	(25,000)
(Increase) / Decrease in Assets:				
Accounts and Grants Receivable	56,120		56,120	163,316
Prepaid Expenses	(10,520)		(10,520)	(53,746)
Pledges Receivable	23,229		23,229	22,392
Increase / (Decrease) in Liabilities:				
Accounts Payable and Accrued Expenses	137,814		137,814	87,941
Deferred Revenue	111,161		111,161	(112,383)
Reserve for Loan Guarantees	(14,067)		(14,067)	(98,395)
Total Adjustments	755,913	-	755,913	376,433
Net Cash Provided (Used) By Operating Activities:	882,571	43,165	925,736	130,245
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Net Purchase of Property & Equipment	(25,404)		(25,404)	(53,409)
Purchase of Long-Term Investments	(982,862)		(982,862)	(879,198)
Proceeds Received on Sale of Investments	544,619		544,619	861,459
Reserve for Unemployment Claims	23,448		23,448	26,637
Net Cash Provided (Used) By Investing Activities:	(440,199)	-	(440,199)	(44,511)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Net Payments on Notes Payable	(25,769)		(25,769)	(103,978)
Net Payments on Capital Lease	(7,087)		(7,087)	(7,087)
Proceeds Received on Line of Credit	175,000		175,000	450,000
Net Payments on Line of Credit	(275,000)		(275,000)	(350,000)
(Increase)/Decrease in Reserve for Unemployment Claims	(23,448)		(23,448)	(26,637)
Net Cash Provided (Used) By Financing Activities:	(156,304)	-	(156,304)	(37,702)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	286,068	43,165	329,233	48,032
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	156,686	25,000	181,686	133,654
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 442,754	\$ 68,165	\$ 510,919	\$ 181,686
Supplemental cash flow information				
Interest Paid			\$ 6,534	\$ 8,711
In-kind Goods and Services Received in lieu of cash			\$ 1,001,975	\$ 926,376

See Notes To Financial Statements.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
**(With Comparative Totals for 2015)**

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

**General**

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

As the Organization has grown, they changed their name from the original *Family Service Agency of San Mateo County* to the current name of **Peninsula Family Service** in June 2010, to include all the communities they serve. The consolidated financial statements also include the net assets and operations of DriveFoward, LLC, which was founded on February 25, 2015. The **Organization** is the sole member of the LLC.

**Major Programs**

*Early Learning 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 provides financial and support tools, exercise and fitness programs, multilingual senior peer counseling, meals and a local connection to 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 financial support and tools such as loans to low-income individuals to purchase reliable cars who do not have access to conventional credit to maintain their self-sufficiency and employment. This program also offers prepaid debit cards, start to save tools and classes to help develop financial skills.

**Basis of Accounting and Reporting**

**Accounting Method**

The Organization maintains its accounting records on the accrual basis.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
**(With Comparative Totals for 2015)**

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

**Fund Accounting**

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

**Fair Values of Financial Instruments**

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

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

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

*Grants Receivable and Deferred Revenue:* The carrying amounts of receivables and deferred revenue approximates fair value.

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

**Fair Value Measurements - Investments:**

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

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

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
**(With Comparative Totals for 2015)**

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

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

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

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

Because of the inherent uncertainty of valuation, estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for securities categorized in Level 3.

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

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

**Estimates**

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

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
**(With Comparative Totals for 2015)**

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

**Concentration of Credit Risk**

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

**Concentration of Revenue Sources**

Of the total revenue sources of the Organization, there were two major sources that each individually contributed more than 10% of the total revenue for the year. The California Department of Education accounted for approximately 24% and the National Council on Aging accounted for approximately 10% 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 I, property and equipment purchased with unrestricted funds are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the related assets. Restricted assets purchased with grantor funds which are expensed in the period acquired are recorded in the accompanying balance sheet as an asset, with a corresponding entry to net assets. In order to reflect the decrease in asset value over time, depreciation is charged directly to net assets annually. These assets are restricted to use only in the programs from which they were purchased.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**(With Comparative Totals for 2015)**

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

**Accrued Vacation and Sick Leave Benefits**

Regular full time and part time employees are eligible to earn vacation time for each hour of paid time. Vacation benefits are earned and accumulated for each employee based on the type and length of employment. Upon termination of employment, accrued vacation is liquidated up to a maximum accrual level. Total accrued benefits at June 30, 2016 were approximately \$190,000.

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

**Revenue Recognition**

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

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

**Donated Materials and Services**

Donated materials and services (In-kind) are reflected as contributions in the accompanying statements at their fair market value. Such services would have been purchased if not provided by donation or require specialized skills and are provided by individuals possessing such specialized skills. The types of in-kind donated to the Organization include volunteer services, supplies, rent, utilities, and legal services. The total in-kind contributions for the year ended June 30, 2016 were approximately \$1,001,975

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
**(With Comparative Totals for 2015)**

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

**Presentation of Expenses**

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

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 5,493,694	\$ 779,374	\$ 515,822	\$ 6,788,890
Employee Benefits	1,477,504	139,712	82,152	1,699,368
Supplies and Food	621,959	15,624	5,013	642,596
Outside Services	988,035	88,574	58,330	1,134,939
Occupancy	441,723	18,578	12,019	472,320
Other Operating	1,353,074	131,448	65,488	1,550,010
Minor Equip & Improvements	45,081	6,628	2,472	54,181
Depreciation	74,897	221,816	-	296,713
	<u>\$ 10,495,967</u>	<u>\$ 1,401,754</u>	<u>\$ 741,296</u>	<u>\$ 12,639,017</u>

**Allocation of Expenses**

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

**Endowment Funds**

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

**PENINSULA FAMILY SERVICE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2016**  
**(With Comparative Totals for 2015)**

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

**Endowment Fund – (Continued)**

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

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

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

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

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

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



**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –**  
**(Continued)**

**Endowment Fund – (Continued)**

- 1.** Diversification that will include both common stock and fixed income investments;
  - a.** Common stock investments: Diversification that will result in a portfolio of issues that represent a range of industry groups to spread investment risk over a broad base.
  - b.** Fixed income investments: To include obligations of the U.S. Treasury, agencies of the U.S. government and investment grade corporate debt.
- 2.** The investments in equities and fixed income will be reviewed no less than at the end of each quarter and compared to the 65% equity and 35% fixed income benchmarks. Should either vary more than 5% from the benchmark upon review, the investments will be rebalanced unless otherwise directed by the committee with documentation explaining the rationale behind the decision.

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

It shall be the responsibility of the Trustees to periodically review the spending policy.

**Income Taxes**

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

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

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –**  
**(Continued)**

**Summarized Information for 2015**

The financial information for the year ended June 30, 2015, 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. As such, the information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

**NOTE B – BOARD DESIGNATED NET ASSETS**

During the 15/16 fiscal year, the board of the Organization designated certain funds to be used for future events or specific operating purposes. At June 30, 2016, the board designated funds consisted of the following:

Facilities Reserves	\$ 50,000
Loan Reserves	40,000
	<u>\$ 90,000</u>

**NOTE C – 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, 2016, temporarily restricted net assets consisted of the following:

Board Designated and Investment Earnings from Endowment	\$ 395,606
General Operations	145,132
Restricted Property and Equipment	22,469
	<u>\$ 563,207</u>

**NOTE D – 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.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE D – PERMANENTLY RESTRICTED NET ASSETS – (Continued)**

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	\$ -	\$ 374,168	\$ 1,396,971	\$ 1,771,139
Investment return:				
Investment income	-	111,789	-	111,789
Realized Gain/(Loss)	-	(140,354)	-	(140,354)
Unrealized Gain/(Loss)	-	9,890	-	9,890
Total investment return	-	(18,675)	-	(18,675)
Contributions		176,715	2,500	179,215
Approved Spending for Operations		(136,602)		(136,602)
Endowment Net Assets, end of year	\$ -	\$ 395,606	\$ 1,399,471	\$ 1,795,077

**NOTE E – 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, 2016, temporarily restricted net assets released from donor restrictions were as follows:

Approved Transfer from Endowment for Operations	\$ <u>136,602</u>
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**NOTE F – PLEDGES RECEIVABLE**

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

Current Pledges for Endowment Fund	\$ <u>24,099</u>
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**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
**(With Comparative Totals for 2015)**

**NOTE G – ACCOUNTS AND GRANTS RECEIVABLE**

At June 30, 2016, the Organization's Accounts and Grants Receivable consisted of the following:

Accounts Receivable:	
Early Learning - Family Fees	\$ 5,709
Employee Receivable	11,056
Other	9,759
Subtotal Accounts Receivable	<u>26,524</u>
Grants Receivable:	
Early Learning	809,367
Older Adult	250,127
Financial Empowerment	232,059
Subtotal Grants Receivable	<u>1,291,553</u>
Total Accounts and Grants Receivable	<u>\$ 1,318,077</u>

**NOTE H - INVESTMENTS**

**Securities held-to-maturity and available for sale:**

Management determines the appropriate classification of debt securities at the time of purchase and reevaluates such designation as of each statement of financial position date. Debt securities are classified as held-to-maturity when the Agency has the positive intent and ability to hold the securities to maturity. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity computed under the effective interest method. Such amortization is included in investment income.

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

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

The investments of the Organization have been recorded at fair value at June 30, 2016, and have been categorized based upon a fair value hierarchy.

	June 30, 2016			June 30, 2015
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value
<b>Cash and Money Funds:</b>	\$ 111,788	\$ -	\$ -	\$ 148,052
<b>Level 1 Hierarchy:</b>				
<u>Available-for-Sale:</u>				
Closed End Funds	220,042	4,073		130,290
Mutual Funds	1,596,723	47,857	-	1,382,368
Subtotal	1,816,765	51,930	-	1,512,658
<b>Level 3 Hierarchy:</b>				
<u>Available-for-Sale:</u>				
Insurance Annuities	52,795		-	51,168
Subtotal	52,795	-	-	51,168
<b>Totals</b>	<b>\$ 1,981,348</b>	<b>\$ 51,930</b>	<b>\$ -</b>	<b>\$ 1,711,878</b>

At June 30th, the total investments noted above are kept in the following reserve accounts:

	6/30/16	6/30/15
Endowment Funds	\$ 1,760,388	\$ 1,652,995
Reserved Funds	218,543	-
Building Funds	54,347	58,883
	<b>\$ 2,033,278</b>	<b>\$ 1,711,878</b>

During the year ended June 30, 2016, available-for-sale securities were sold for total proceeds of \$544,619. The gross realized losses on these sales totaled (\$141,956). For the purpose of determining gross realized gains or losses, the cost of securities sold is based on specific identification. The net unrealized holding gains on securities of \$25,113, which is the change between the above gross unrealized gains and losses of \$51,930 and the prior year's gross unrealized gain of \$26,817, have been included under investment income in the statement of activities for the year ended June 30, 2016.

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**(With Comparative Totals for 2015)**

**NOTE H – INVESTMENTS – (Continued)**

Changes in Level 3 assets and liabilities measured at fair value for the year ended June 30, 2016 are as follows:

	Level 3 Beginning Balance 7/1/2015	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 6/30/2016	Level 3 Ending Balance 6/30/2016
Investment in 3rd Party Life Insurance	\$ 51,168	\$	\$ 1,627	\$ -	\$ -	\$ 52,795

Total return on investments during the year ended June 30, 2016 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	7,702	(58,521)	23,263	(27,556)
Mutual Funds	106,567	(83,435)	1,850	24,982
Insurance Annuities	-	-	-	-
	<u>\$ 114,288</u>	<u>\$ (141,956)</u>	<u>\$ 25,113</u>	<u>\$ (2,555)</u>

**NOTE I – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2016 consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value
Building & Improvements	\$ 6,581,406	\$ 2,926,617	\$ 3,654,789
Leasehold Improvements	713,167	584,257	128,910
Furniture & Equipment	1,013,938	801,616	212,322
Computers & Peripherals	292,156	257,934	34,222
	<u>8,600,667</u>	<u>4,570,424</u>	<u>4,030,243</u>
Land	987,266	-	987,266
	<u>\$ 9,587,933</u>	<u>\$ 4,570,424</u>	<u>\$ 5,017,509</u>

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE I – PROPERTY AND EQUIPMENT – (Continued)**

Total depreciation expense for the year ended June 30, 2016 was \$305,125. Of that amount \$296,713 was charged to expense and \$8,412 was deducted for restricted net assets.

**NOTE J – ASSETS RESERVED FOR UNEMPLOYMENT CLAIMS**

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

**NOTE K – LINE OF CREDIT**

The Organization had a revolving line of credit of \$1,275,000 with Boston Private Bank & Trust. The line of credit matures on June 30, 2018. The line of credit is secured by a Deed of Trust. Interest is payable in monthly installments on the unpaid principal balance at .5 percentage points over the prime rate as published in the Wall Street Journal. The interest rate at June 30, 2016 was 3.25%. There was no balance due on the line of credit at year end.

**NOTE L– NOTES PAYABLE**

At June 30, 2016, notes payable consisted of the following:

Note payable to San Mateo County, secured by a deed of trust with principal and interest at 0.91% due in monthly installments of \$2,502, with a maturity date in July 2033.	\$ 453,913
Less current portion	26,005
	<u>\$ 427,908</u>

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**  
**(With Comparative Totals for 2015)**

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

Future principal maturities on notes payable are as follows:

<u>June 30:</u>	<u>Total</u>
2017	\$ 26,005
2018	26,243
2019	26,482
2020	26,724
2021	26,969
Thereafter	321,490
	<u>\$ 453,913</u>

**NOTE M – CAPITAL LEASE PAYABLE**

At June 30, 2016, Capital Lease Payable consisted of the following:

Software equipment leased from CISCO capital in monthly installments of principal and interest for approximately \$736	\$ <u>6,201</u>
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Future annual payments on the capital lease obligation is as follows:

Year Ending: June 30, 2017	\$ 7,733
Less amount representing interest	<u>(1,532)</u>
Total future principal payments	<u>\$ 6,201</u>

**NOTE N – NUTRITION PROGRAMS**

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

**NOTE O – RETIREMENT PLAN**

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



**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE P – COST ALLOCATION PLAN**

Peninsula Family Service updates its cost allocation plans annually or more frequently when changes are needed in program enrollment or other cost drivers. The cost allocation plan is reviewed by the Organization's auditors for compliance with applicable laws and regulations. The Organization obtains approval of the cost allocation plan 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, Finance and Human Resources costs (Overhead Allocation) are pooled and then allocated to individual programs (less In-Kind expenses, depreciation and capital acquisitions) based on the percentage of each department's total expenses as a percentage of total Organization expenses.

**NOTE Q – TRANSFERS**

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

**PENINSULA FAMILY SERVICE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**(With Comparative Totals for 2015)**

**NOTE R – 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:			
2017	\$ 198,693	\$ 38,818	\$ 237,511
2018	110,436	15,443	125,879
2019	56,783	12,616	69,399
2020	-	5,994	5,994
2021	-	515	515
	<u>\$ 365,912</u>	<u>\$ 73,386</u>	<u>\$ 439,298</u>

Total rent expense for the year ended June 30, 2016 was \$208,046.

**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 affect the financial position or operations of the Organization.

**NOTE S – SUBSEQUENT EVENTS**

The Organization has evaluated their financial position and activities from the June 30, 2016 year end of this report through December 2, 2016 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, 2016**

Grantor / Pass-Through Grantor / or Program Title	Federal CFDA Number	Entity Identifying Number	Grant Award Amount		Revenue Earned / Expenditures	
			Federal	State	Federal	State
						Total
<b>U.S. Department of Agriculture:</b>						
<b>Pass-Through Program From:</b>						
State Department of Education -						
Child Care Food Program - Center	10.558	41-1664-1A	\$ 275,605	\$ -	\$ 275,605	\$ -
San Mateo County:						
Senior Farmers Market Coupons - Noncash	10.576	N/A	1,200	-	1,200	-
Total U.S. Department of Agriculture:			276,805	-	276,805	-
						276,805
<b>U.S. Department of Health &amp; Human Services:</b>						
<b>Pass-Through Program From:</b>						
CCDF Cluster Program:						
California Department of Education-						
General Child Care Center	93.596	CCTR - 5253	558,321	981,796	558,321	981,796
General Child Care Center	93.575	CCTR - 5253	260,480	-	260,480	-
Total CCTR			818,801	981,796	818,801	981,796
State Preschool	93.596	CSPP - 5491	155,675	1,414,249	155,675	1,013,684
State Preschool	93.575	CSPP - 5491	112,169	-	112,169	-
Total CSPP			267,844	1,414,249	267,844	1,013,684
San Mateo County Office of Education-						
State Preschool	-	CSPP - 5497	-	548,585	-	488,181
Sequoia USD	-	51125	-	204,762	-	204,762
Subtotal CCDF Cluster			1,086,645	3,149,392	1,086,645	2,688,423
San Mateo County:						
Title III B: Information & Assistance	93.044	N/A	27,937	-	27,937	-
Title III B: Employment	93.044	N/A	36,305	-	35,597	-
Title III C1: Nutrition	93.045	N/A	32,142	-	32,142	-
Total U.S. Dept. of Health & Human Services:			3,387,261	3,149,392	2,272,553	2,688,423
						4,960,976
<b>U.S. Department of Transportation:</b>						
<b>Pass-Through Program From:</b>						
Metropolitan Transportation Commission (MTC)-						
Lifeline Transportation Program - SC	20.516	N/A	339,738	-	91,858	-
Lifeline Transportation Program - SM	20.516	N/A	375,000	-	87,170	-
Total U.S. Department of Transportation:			714,738	-	179,028	-
						179,028

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2016**

Grantor / Pass-Through Grantor / or Program Title	Federal CFDA Number	Entity Identifying Number	Grant Award Amount		Revenue Earned / Expenditures		
			Federal	State	Federal	State	Total
<b>U.S. Department of Labor:</b>							
<u>Pass-Through Program From:</u>							
National Council on Aging- Senior Comm. Service Employment Program	17.235	31	1,269,175	-	1,269,175	-	1,269,175
Total U.S. Department of Labor:			1,269,175	-	1,269,175	-	1,269,175
<b>Corporation for National and Community Service:</b>							
<u>Pass-Through Program From:</u>							
Silicon Valley Community Foundation- Social Innovation Fund - Big Lift Collaborative	94.019	31	285,188	380,158	213,891	257,207	471,098
Total Corporation for National & Community Service:			285,188	380,158	213,891	257,207	471,098
<b>U.S. Department of Housing &amp; Urban Development:</b>							
<u>Pass-Through Program From:</u>							
City of Daly City- Community Develop. Block Grant	14.218	N/A	22,000	-	22,000	-	22,000
City of Redwood City- Community Develop. Block Grant	14.218	N/A	10,000	-	10,000	-	10,000
Total U.S. Dept. of Housing & Urban Development:			32,000	-	32,000	-	32,000
<b>Total Federal and State Awards</b>			<b>\$ 5,965,167</b>	<b>\$ 3,529,550</b>	<b>\$ 4,243,452</b>	<b>\$ 2,945,630</b>	<b>\$ 7,189,082</b>

Note 1. Significant Accounting Policies:

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 Federal information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. De Minimis Cost Rate:

The Agency did not use the 10% de minimis cost rate within their financial statements.



# RANDOLPH SCOTT & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, INC.

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

### Independent Auditor's Report

December 2, 2016

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Peninsula Family Service**, which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2016.

### Internal Control Over Financial Reporting

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

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

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

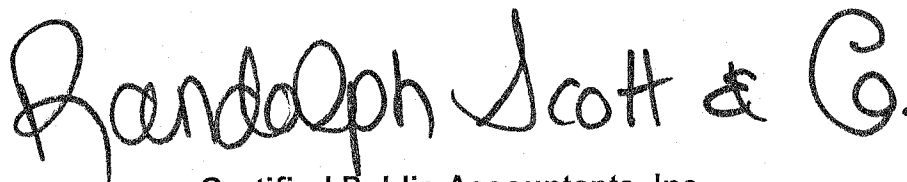
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Certified Public Accountants, Inc.  
Novato, California



**RANDOLPH SCOTT & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS, INC.

**Report on Compliance for Each Major Federal Program; and  
Report on Internal Control Over Compliance  
Required by Uniform Guidance**

Independent Auditor's Report

December 2, 2016

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) *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, 2016. **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; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and 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 Uniform Guidance**

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, 2016.

**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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **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 Uniform Guidance**

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Randolph Scott & Co.*

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

SUPPLEMENTAL REPORTING REQUIREMENTS OF THE  
CALIFORNIA DEPARTMENT OF EDUCATION

## PENINSULA FAMILY SERVICE

### GENERAL INFORMATION

YEAR ENDED JUNE 30, 2016

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-5253: General Child Care Center CSPP-5491: State Preschool Program 41-1664-1A: CACFP
Executive Officers:	
Executive Director:	Arne Croce
Early Learning Division Director:	Maria Romero
Chief Financial Officer	Heather Cleary
Report Period:	Fiscal Year Ended June 30, 2016
Schedule of Daily Hours:	Varied
Number of Days of Operation:	246

PENINSULA FAMILY SERVICE  
COMBINING STATEMENT OF ACTIVITIES  
EARLY LEARNING PROGRAMS  
YEAR ENDED JUNE 30, 2016

	California Dept. of Education Programs & Supplemental							San Mateo Co.			Sequoia		General		Total All	
	General Center CCTR-5253	State Preschool CSCP-5491	Early Head Start HB & Admin	San Mateo County QRIS	Office of Ed CSPP	Big Lift	USD	Funds	Learning							
<b>PUBLIC SUPPORT AND REVENUE</b>																
Grant Income:																
Early Head Start		\$	\$ 1,090,232	\$	\$	\$	\$								\$	\$ 1,090,232
California Dept. of Education	1,800,597	1,281,528														3,082,125
Child Care Food Program	163,990	111,615														275,605
County of San Mateo	11,984	8,157		152,951	488,181											661,273
Other Grants	216,766	147,535				471,098	204,762									1,040,161
Pledges and Contributions:																
Contributions																
Contributions - In-Kind	91,051	61,970												249,638		249,638
Earned Income:																
Fees - Program Services	208,029	125,672			29,818											363,519
Other Income:																
Other Income	262	178												19,663		20,103
<b>Total Public Support and Revenue</b>	<b>2,492,679</b>	<b>1,736,555</b>	<b>1,090,232</b>	<b>152,951</b>	<b>517,999</b>	<b>471,098</b>	<b>204,762</b>	<b>269,301</b>	<b>6,935,677</b>							
<b>EXPENDITURES</b>																
Salaries and wages	1,194,977	813,320	514,845	78,247	237,087	291,131	104,386	136,844	3,370,837							
Employee benefits	439,711	299,274	159,837	15,229	79,743	79,116	41,462	19,383	1,133,755							
Professional & Outside services	175,990	119,782	174,442	16,312	44,956	67,266	21,113	19,314	639,175							
Supplies	36,210	24,845	37,072	10,243	10,601	23,764	3,371	4,823	150,729							
Food & Refreshments	196,171	133,518	14,220	2,524	26,960	887	8,125	911	383,316							
Telephone & Internet	7,011	4,771	6,765	160	1,534	625	831	112	21,809							
Postage, Delivery & Printing	3,354	2,283	1,470	-	605	-	776	110	8,598							
Occupancy	207,377	141,143	27,540	23,906	30,414	-	2,043	-	432,423							
Insurance	25,839	17,586	12,804	-	4,463	-	2,758	-	63,450							
Rental & Maintenance of Equipment	14,890	10,135	-	-	1,893	-	-	-	26,918							
Travel	4,248	2,891	3,664	10	945	281	231	1,163	13,433							
Conferences & Trainings	(187)	(127)	5,531	386	424	-	-	-	6,027							
Equipment & Improvements	3,474	2,365	2,419	3,634	1,383	5,908	474	-	19,657							
Depreciation	32,007	21,785	-	-	4,070	-	-	-	57,862							
Interest & Bank Fees	-	-	-	-	-	-	-	-	-							
Miscellaneous Expense	47,274	32,176	37,683	2,300	10,433	2,120	2,575	13,773	148,334							
In-Kind Expense	91,051	61,970	-	-	-	-	-	-	153,021							
Allocation of Administrative and Support Expenditures (Note A)									-							
Total Expenditures	2,757,660	1,876,907	1,090,232	152,951	519,116	471,098	204,762	269,301	7,342,027							
<b>CHANGE IN NET ASSETS</b>	<b>(264,981)</b>	<b>(140,252)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,117)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(406,350)</b>							

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF EXPENDITURES BY STATE CATEGORIES**  
**YEAR ENDED JUNE 30, 2016**

	General Child Care CCTR - 5253	State Preschool CSPP-5491	San Mateo Co. State Preschool CSPP	Non-CDE Operating Programs	Total All Child Care Programs
<b>EXPENDITURES</b>					
Direct payments to providers	\$ -	\$ -	\$ -	\$ -	\$ -
1000 Certificated salaries	804,390	547,481	159,594	395,731	1,907,196
2000 Classified salaries	390,587	265,839	77,493	136,630	870,549
3000 Employee benefits	439,711	299,274	79,743	139,961	958,689
4000 Books and supplies	235,855	160,528	38,944	48,263	483,590
5000 Services and other operating expenses	855,110	582,000	159,272	224,576	1,820,958
6100/6200 Other approved capital outlay	-	-	-	-	-
6400 New equipment	-	-	-	-	-
6500 Replacement equipment	-	-	-	-	-
Depreciation on assets not purchased with public funds	32,007	21,785	4,070	-	57,862
Start-up expenses - service level exemption	-	-	-	-	-
Indirect costs	-	-	-	-	-
Total expenses claimed for reimbursement	2,757,660	1,876,907	519,116	945,161	6,098,844
Supplemental expenses (Non-CDE Programs)	739,719	503,464	-	-	1,243,183
Total Expenditures	\$ 3,497,379	\$ 2,380,371	\$ 519,116	\$ 945,161	\$ 7,342,027

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

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

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF REIMBURSABLE EQUIPMENT EXPENDITURES AND**  
**SCHEDULE OF REIMBURSABLE EXPENDITURES FOR RENOVATIONS AND REPAIRS**  
**YEAR ENDED JUNE 30, 2016**

	<u>Total</u>
<b><u>EQUIPMENT EXPENDITURES:</u></b>	
<u>UNIT COST UNDER \$7,500 PER ITEM -</u> Wifi Equipment	\$ -
<u>UNIT COST OVER \$7,500 PER ITEM</u> <u>WITH PRIOR WRITTEN APPROVAL -</u> None.	-
<u>UNIT COST OVER \$7,500 PER ITEM</u> <u>WITHOUT PRIOR WRITTEN APPROVAL -</u> None.	-
<b>TOTAL EQUIPMENT EXPENDITURES</b>	<b>\$ <u>0</u></b>
 <b><u>RENOVATIONS AND REPAIRS:</u></b>	
<u>UNIT COST UNDER \$10,000 PER ITEM-</u> Bathroom remodel	\$ -
<u>UNIT COST \$10,000 OR MORE PER ITEM</u> <u>WITH PRIOR WRITTEN APPROVAL -</u> None	-
<u>UNIT COST \$10,000 OR MORE PER ITEM</u> <u>WITHOUT PRIOR WRITTEN APPROVAL -</u> None.	-
<b>TOTAL RENOVATIONS &amp; REPAIRS</b>	<b>\$ <u>0</u></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, 2016**

	General Center CCTR - 5253	State Preschool CSPP-5491	San Mateo County Preschool CSPP
Salaries and wages	\$ 184,902	\$ 125,847	\$ 42,265
Employee benefits	32,749	22,289	7,486
Professional & Outside services	19,375	13,187	4,429
Supplies	2,085	1,419	477
Food & Refreshments	1,835	1,249	420
Telephone & Internet	1,448	986	331
Postage, Delivery & Printing	5,198	3,538	1,188
Occupancy	334	227	76
Insurance	2,004	1,364	458
Rental & Maintenance of Equipment	2,246	1,528	513
Travel	588	400	134
Conferences & Trainings	1,096	746	250
Minor Equipment & Improvements	1,572	1,070	359
Depreciation	-	-	-
Interest & Bank Fees	599	408	137
Miscellaneous Expense	22,232	15,132	5,082
<i>Total Administrative Costs</i>	\$ <u>278,263</u>	\$ <u>189,390</u>	\$ <u>63,605</u>



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

Agency Name: Peninsula Family Service

Vendor No. B629

Fiscal Year Ended: June 30, 2016

Contract No. CCTR - 5253

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

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-		-	2.006	-
Full-time	5,232		5,232	1.700	8,894.400
Three-quarters-time	132		132	1.275	168.300
One-half-time	62		62	0.935	57.970
<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	13,755	7	13,762	1.400	19,266.800
Three-quarters-time	2,375	6	2,381	1.050	2,500.050
On-half-time	77		77	0.770	59.290
<i>Three Years and Older</i>					
Full-time-plus	-		-	1.180	-
Full-time	3,984	6	3,990	1.000	3,990.000
Three-quarters-time	1,796	3	1,799	0.750	1,349.250
One-half-time	5,229		5,229	0.550	2,875.950
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	36		36	1.200	43.200
Three-quarters-time	-		-	0.900	-
One-half-time	167		167	0.660	110.220
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	4,150	1	4,151	1.100	4,566.100
Three-quarters-time	1,399	3	1,402	0.825	1,156.650
One-half-time	1,446		1,446	0.605	874.830
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	23		23	0.825	18.975
One-half-time	14		14	0.605	8.470
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
<b>TOTAL DAYS OF ENROLLMENT</b>	39,877	26	39,903		45,940.455
<b>DAYS OF OPERATION</b>	246	-	246		
<b>DAYS OF ATTENDANCE</b>	39,663	26	39,689		

☐ 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 General or Migrant Center-Based Programs**

Agency Name: Peninsula Family Service Vendor No. B629  
Fiscal Year Ended: June 30, 2016 Contract No. CCTR - 5253

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<b>DAYS OF ENROLLMENT</b>					
<i>Infants (up to 18 months)</i>					
Full-time-plus	-		-	2.006	-
Full-time	-		-	1.700	-
Three-quarters-time	-		-	1.275	-
One-half-time	-		-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
On-half-time	-		-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus	-		-	1.180	-
Full-time	921		921	1.000	921.000
Three-quarters-time	3,040		3,040	0.750	2,280.000
One-half-time	2,123		2,123	0.550	1,167.650
<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>	6,084	-	6,084		4,368.650

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

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

Agency Name: **Peninsula Family Service**

Vendor No. **B629**

Fiscal Year End: **June 30, 2016**

Contract No.

**CCTR - 5253**

	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	\$140,823	\$23,167	\$163,990
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify): Other Grant Income & InKind		319,801	319,801
<b>Subtotal</b>	\$140,823	\$342,968	\$483,791
Transfer from Reserve			0
Family Fees for Certified Children	84,618	100	84,718
Interest Earned on Apportionments			0
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children	123,365	(54)	123,311
Head Start Program (EC § 8235(b))			0
Other (Specify): Other Unrestricted Income		262	262
<b>TOTAL REVENUE</b>	\$348,806	\$343,276	\$692,082

**SECTION IV - REIMBURSABLE EXPENSES**

<i>Direct Payments to Providers (FCCH Only)</i>	\$0	\$0	\$0
1000 Certificated Salaries	808,542	(4,152)	804,390
2000 Classified Salaries	437,136	(46,549)	390,587
3000 Employee Benefits	438,477	1,234	439,711
4000 Books and Supplies	431,566	(195,711)	235,855
5000 Services and Other Operating Expenses	530,674	324,436	855,110
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)	5,715	(5,715)	0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance		32,007	32,007
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>	\$2,652,110	\$105,550	\$2,757,660
<b>TOTAL ADMINISTRATIVE COSTS</b> (Included in section IV above)	\$218,378	\$59,885	\$278,263

FOR CDE-A&I USE ONLY:

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

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

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

☒ YES

☐ NO - Explain any discrepancies.

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

☒ YES

☐ NO - Explain any discrepancies.

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

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

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

Agency Name: Peninsula Family Service

Vendor No. B629

Fiscal Year End: June 30, 2016

Contract No. CCTR - 5253

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION V - SUPPLEMENTAL REVENUE</b>			
Enhancement Funding	\$1,713,126	(\$973,407)	\$739,719
Other (Specify):			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>\$1,713,126</b>	<b>(\$973,407)</b>	<b>\$739,719</b>

**SECTION VI - SUPPLEMENTAL EXPENSES**

<b>EXPENSES RELATED TO SUPPLEMENTAL REVENUE</b>			
1000 Certificated Salaries	\$592,879	(\$355,325)	\$237,554
2000 Classified Salaries	219,463	(104,115)	115,348
3000 Employee Benefits	234,631	(130,463)	104,168
4000 Books and Supplies	255,553	(216,462)	39,091
5000 Services and Other Operating Expenses	405,155	(161,597)	243,558
6000 Equipment/Other Capital Outlay	5,442	(5,442)	0
Depreciation or Use Allowance			0
Indirect Costs			0
Other (Specify):			0
<b>NONREIMBURSABLE EXPENSES</b>			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	<b>\$1,713,123</b>	<b>(\$973,404)</b>	<b>\$739,719</b>

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

# AUDITED ATTENDANCE AND FISCAL REPORT for California State Preschool Programs

Agency Name: Peninsula Family Service Vendor No. B629

Fiscal Year Ended: June 30, 2016 Contract No. CSPP - 5492

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

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	5,684	3	5,687	1.0000	5,687.000
Three-quarters-time	1,679	1	1,680	0.7500	1,260.000
One-half-time	10		10	0.6195	6.195
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	238	1	239	1.2000	286.800
Three-quarters-time	55		55	0.9000	49.500
One-half-time	-		-	0.6195	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	21,791	1	21,792	1.1000	23,971.200
Three-quarters-time	2,009	4	2,013	0.8250	1,660.725
One-half-time	34		34	0.6195	21.063
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	320	1	321	1.1000	353.100
Three-quarters-time	49		49	0.8250	40.425
One-half-time	-		-	0.6195	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6195	-
<b>TOTAL DAYS OF ENROLLMENT</b>	31,869	11	31,880		33,336.008
<b>DAYS OF OPERATION</b>	246	-	246		
<b>DAYS OF ATTENDANCE</b>	31,576	11	31,587		

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

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

# AUDITED ATTENDANCE AND FISCAL REPORT for California State Preschool Programs

Agency Name: Peninsula Family Service Vendor No. B629

Fiscal Year Ended: June 30, 2016 Contract No. CSPP - 5492

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
DAYS OF ENROLLMENT	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-		-	1.6520	-
Full-time	-		-	1.4000	-
Three-quarters-time	-		-	1.0500	-
One-half-time	-		-	0.7700	-
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	905		905	1.0000	905.000
Three-quarters-time	-		-	0.7500	-
One-half-time	-		-	0.6195	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6195	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6195	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6195	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6195	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>905</b>	<b>-</b>	<b>905</b>		<b>905.000</b>

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

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

Agency Name: Peninsula Family Service Vendor No. B629

Fiscal Year End: June 30, 2016 Contract No. CSPP - 5492

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
RESTRICTED INCOME			
Child Nutrition Programs	\$144,782	(\$33,167)	\$111,615
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify): Other Grant Income		155,692	155,692
Other (Specify): InKind Revenue		61,970	61,970
<b>Subtotal</b>	\$144,782	\$184,495	\$329,277
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
<b>Subtotal</b>	\$0	\$0	\$0
Family Fees for Certified Children	106,443	(1,193)	105,250
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	20,423	(1)	20,422
Head Start Program (EC § 8235(b))			0
Other (Specify): Other Unrestricted Income		178	178
Other (Specify):			0
<b>TOTAL REVENUE</b>	\$271,648	\$183,479	\$455,127

**SECTION IV - REIMBURSABLE EXPENSES**

Direct Payments to Providers (FCCH Only)	\$0	\$0	\$0
1000 Certificated Salaries	623,614	(76,133)	547,481
2000 Classified Salaries	355,360	(89,521)	265,839
3000 Employee Benefits	376,235	(76,961)	299,274
4000 Books and Supplies	405,041	(244,513)	160,528
5000 Services and Other Operating Expenses	426,996	101,004	528,000
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)	4,630	(4,630)	0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance		21,785	21,785
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>	\$2,191,876	(\$368,969)	\$1,822,907
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$223,345	(\$33,955)	\$189,390

FOR CDE-A&I USE ONLY:

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

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

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

☒ YES

☐ NO - Explain any discrepancies.

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

☒ YES

☐ NO - Explain any discrepancies.

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

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

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

Agency Name: Peninsula Family Service Vendor No. B629

Fiscal Year End: June 30, 2016 Contract No. CSPP - 5492

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION V - SUPPLEMENTAL REVENUE</b>			
Enhancement Funding	\$1,196,746	(\$693,282)	\$503,464
Other (Specify):			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>\$1,196,746</b>	<b>(\$693,282)</b>	<b>\$503,464</b>

**SECTION VI - SUPPLEMENTAL EXPENSES**

<b>EXPENSES RELATED TO SUPPLEMENTAL REVENUE</b>			
1000 Certificated Salaries	\$458,208	(\$296,526)	\$161,682
2000 Classified Salaries	155,679	(77,171)	78,508
3000 Employee Benefits	156,260	(85,362)	70,898
4000 Books and Supplies	54,346	(27,808)	26,538
5000 Services and Other Operating Expenses	369,631	(203,793)	165,838
6000 Equipment/Other Capital Outlay	2,622	(2,622)	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>\$1,196,746</b>	<b>(\$693,282)</b>	<b>\$503,464</b>

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



# AUDITED ATTENDANCE AND FISCAL REPORT for California State Preschool Programs

Agency Name: Peninsula Family Service on behalf of  
County of San Mateo Vendor No. B629

Fiscal Year Ended: June 30, 2016 Contract No. CSPP - 5497

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

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	1,086		1,086	1.0000	1,086.000
Three-quarters-time	431		431	0.7500	323.250
One-half-time	1,901		1,901	0.6195	1,177.670
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6195	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	7,521		7,521	1.1000	8,273.100
Three-quarters-time	446		446	0.8250	367.950
One-half-time	4,209		4,209	0.6195	2,607.476
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6195	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6195	-
<b>TOTAL DAYS OF ENROLLMENT</b>	15,594	-	15,594		13,835.445
<b>DAYS OF OPERATION</b>	246	-	246		
<b>DAYS OF ATTENDANCE</b>	15,487	-	15,487		

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

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

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

Agency Name: Peninsula Family Service on behalf of Vendor No. B629  
County of San Mateo

Fiscal Year End: June 30, 2016 Contract No. CSPP - 5497

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
RESTRICTED INCOME			
Child Nutrition Programs	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
<b>Subtotal</b>	\$0	\$0	\$0
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
<b>Subtotal</b>	\$0	\$0	\$0
Family Fees for Certified Children	28,701	1,117	29,818
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL REVENUE</b>	\$28,701	\$1,117	\$29,818

<b>SECTION IV - REIMBURSABLE EXPENSES</b>			
Direct Payments to Providers (FCCH Only)	\$0	\$0	\$0
1000 Certificated Salaries	213,434	(53,840)	159,594
2000 Classified Salaries	70,737	6,756	77,493
3000 Employee Benefits	86,907	(7,164)	79,743
4000 Books and Supplies	17,657	21,287	38,944
5000 Services and Other Operating Expenses	157,958	1,314	159,272
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance		4,070	4,070
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>	\$546,693	(\$27,577)	\$519,116
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$19,279	\$44,326	\$63,605

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

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

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

☒ YES

☐ NO - Explain any discrepancies.

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

☒ YES

☐ NO - Explain any discrepancies.

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

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

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2016**

**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 Uniform Guidance \_\_\_\_\_ yes   X   no

**Identification of major programs:**

Department of Health & Human Services:

CCDF Cluster	CFDA: 93.596/93.575
Early Head Start	CFDA: 93.600

Dollar threshold used to distinguish Type A programs from Type B programs was \$750,000.

The Organization qualified as a low-risk auditee in accordance with Uniform Guidance.

**PENINSULA FAMILY SERVICE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

(Continued)  
YEAR ENDED JUNE 30, 2016

**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.