

PENINSULA FAMILY SERVICE

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

YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

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December 7, 2017

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, 2017, 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, 2017, 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.

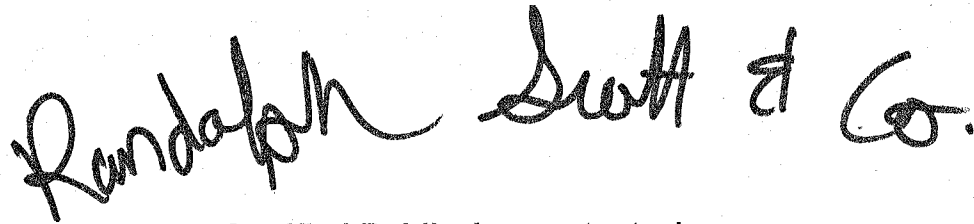
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December --, 2017 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 7, 2017

Report on Summarized Comparative Information

We have previously audited the **Peninsula Family Service's** 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Randolph Scott & Co." in a cursive, flowing script.

Certified Public Accountants, Inc.
Novato, California

PENINSULA FAMILY SERVICE & RELATED ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(With Comparative Totals for 2016)

	Peninsula Family Service					Total All Funds	
	General	Temporarily Restricted	Permanently Restricted	Subtotal Peninsula Family Service	Related Entity (Note A)	6/30/2017	Comparative 6/30/2016
<u>ASSETS</u>							
CURRENT ASSETS:							
Cash and Cash Equivalents (Note A)	\$ 7,351	\$ 83,505	\$ 277	\$ 91,133	\$ 429,235	\$ 520,368	\$ 510,919
Current Portion of Pledge Receivable (Note F)	-	-	-	-	-	-	24,099
Accounts and Grants Receivable (Note G)	1,496,776	-	-	1,496,776	-	1,496,776	1,318,077
Prepaid Expenses	183,716	-	-	183,716	-	183,716	239,302
Due to / (from) other funds	(103,068)	103,068	-	-	-	-	-
Total Current Assets	<u>1,584,775</u>	<u>186,573</u>	<u>277</u>	<u>1,771,625</u>	<u>429,235</u>	<u>2,200,860</u>	<u>2,092,397</u>
LONG-TERM INVESTMENTS (Note H)	277,778	507,176	1,399,194	2,184,148	-	2,184,148	2,033,278
LONG-TERM PLEDGE RECEIVABLE	-	-	-	-	-	-	-
PROPERTY AND EQUIPMENT (Note I)	4,806,385	14,058	-	4,820,443	-	4,820,443	5,017,509
OTHER ASSETS:							
Refundable Deposits	<u>2,701</u>	<u>-</u>	<u>-</u>	<u>2,701</u>	<u>-</u>	<u>2,701</u>	<u>2,701</u>
TOTAL ASSETS	<u>\$ 6,671,639</u>	<u>\$ 707,807</u>	<u>\$ 1,399,471</u>	<u>\$ 8,778,917</u>	<u>\$ 429,235</u>	<u>\$ 9,208,152</u>	<u>\$ 9,145,885</u>
<u>LIABILITIES AND NET ASSETS</u>							
CURRENT LIABILITIES:							
Line of Credit (Note K)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Portion of Notes Payable (Note L)	26,243	-	-	26,243	-	26,243	26,005
Current Portion of Capital Lease (Note M)	-	-	-	-	-	-	6,201
Accounts Payable and Accrued Expenses	858,519	-	-	858,519	-	858,519	859,837
Deferred Revenue	<u>381,745</u>	<u>-</u>	<u>-</u>	<u>381,745</u>	<u>-</u>	<u>381,745</u>	<u>324,267</u>
Total Current Liabilities	<u>1,266,507</u>	<u>-</u>	<u>-</u>	<u>1,266,507</u>	<u>-</u>	<u>1,266,507</u>	<u>1,216,310</u>
NOTES PAYABLE (Note L)	401,667	-	-	401,667	-	401,667	427,908
OBLIGATION UNDER CAPITAL LEASE (Note M)	-	-	-	-	-	-	-
OTHER LIABILITIES:							
Reserve for Loan Guarantees	-	-	-	-	33,862	33,862	-
COMMITMENTS AND CONTINGENCIES (Note R)							
Total Liabilities	<u>1,668,174</u>	<u>-</u>	<u>-</u>	<u>1,668,174</u>	<u>33,862</u>	<u>1,702,036</u>	<u>1,644,218</u>
NET ASSETS							
Unrestricted	4,823,465	-	-	4,823,465	355,373	5,178,838	5,448,989
Unrestricted, Designated (Note B)	180,000	-	-	180,000	40,000	220,000	90,000
Temporarily Restricted (Note C)	-	707,807	-	707,807	-	707,807	563,207
Permanently Restricted (Note D)	-	-	1,399,471	1,399,471	-	1,399,471	1,399,471
NET ASSETS	<u>5,003,465</u>	<u>707,807</u>	<u>1,399,471</u>	<u>7,110,743</u>	<u>395,373</u>	<u>7,506,116</u>	<u>7,501,667</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,671,639</u>	<u>\$ 707,807</u>	<u>\$ 1,399,471</u>	<u>\$ 8,778,917</u>	<u>\$ 429,235</u>	<u>\$ 9,208,152</u>	<u>\$ 9,145,885</u>

See Notes to Financial Statements.

PENINSULA FAMILY SERVICE & RELATED ENTITY

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

(With Comparative Totals for 2016)

	Peninsula Family Service				Related Entity	Total All Funds	
	General Unrestricted	Temporarily Restricted	Permanently Restricted	Subtotal Peninsula Family Service	(Note A)	6/30/2017	Comparative 6/30/2016
REVENUE AND SUPPORT							
Grant Income:							
Early Head Start	\$ 1,220,928	\$ -	\$ -	\$ 1,220,928	\$ -	\$ 1,220,928	\$ 1,090,232
California Department of Education	3,511,567	-	-	3,511,567	-	3,511,567	3,082,125
County of San Mateo	511,816	-	-	511,816	-	511,816	661,273
National Council on Aging	1,240,135	-	-	1,240,135	-	1,240,135	1,269,175
Other Grants	3,770,328	-	-	3,770,328	-	3,770,328	2,752,812
Pledges and Contributions:							
Contributions	1,700,249	196,590	-	1,896,839	-	1,896,839	2,549,315
Contributions - In-kind	749,542	-	-	749,542	351,696	1,101,238	1,001,975
Investment Income: Interest & Dividends	16,578	77,697	-	94,275	-	94,275	117,631
Earned Income: Fees - Program Services	342,741	-	-	342,741	1,420	344,161	373,737
Other Income	118,568	-	-	118,568	621	119,189	66,028
Net Assets Released from Restrictions (Note E):							
Satisfaction of Program Restrictions	238,249	(238,249)	-	-	-	-	-
Expiration of Time Restrictions	-	-	-	-	-	-	-
TOTAL REVENUE AND SUPPORT	13,420,701	36,038	-	13,456,739	353,737	13,810,476	12,964,303
EXPENDITURES							
Early Learning	8,029,772	-	-	8,029,772	-	8,029,772	7,284,165
Older Adults	2,156,574	-	-	2,156,574	-	2,156,574	1,994,387
Financial Empowerment	2,155,914	-	-	2,155,914	-	2,155,914	1,904,901
Administration & Advancement	929,925	-	-	929,925	-	929,925	853,358
Related Entity	-	-	-	-	353,737	353,737	305,493
TOTAL EXPENDITURES	13,272,185	-	-	13,272,185	353,737	13,625,922	12,342,304
CHANGE IN NET ASSETS FROM OPERATIONS	148,516	36,038	-	184,554	-	184,554	621,999
NON-OPERATING REVENUE AND EXPENSE:							
Realized Gain/(Loss) on Investments	18,837	(2,716)	-	16,121	-	16,121	(141,956)
Unrealized Gain/(Loss) on Investments	-	119,690	-	119,690	-	119,690	25,113
Loss on Disposal of Assets	-	-	-	-	-	-	(38,620)
Depreciation (Note I)	(307,504)	-	-	(307,504)	-	(307,504)	(296,713)
	(288,667)	116,974	-	(171,693)	-	(171,693)	(452,176)
TOTAL CHANGES TO NET ASSETS:	(140,151)	153,012	-	12,861	-	12,861	169,823
Other Changes to Net Assets:							
Transfers (Note P)	(327,208)	-	-	(327,208)	327,208	-	-
Additions of Restricted Capital Assets (Note A)	-	-	-	-	-	-	-
Depreciation of Restricted Capital Assets (Note A)	-	(8,412)	-	(8,412)	-	(8,412)	(8,412)
NET ASSETS, beginning of year	5,470,824	563,207	1,399,471	7,433,502	68,165	7,501,667	7,340,256
NET ASSETS, end of year	\$ 5,003,465	\$ 707,807	\$ 1,399,471	\$ 7,110,743	\$ 395,373	\$ 7,506,116	\$ 7,501,667

See Notes to Financial Statements.

PENINSULA FAMILY SERVICE
& RELATED ENTITY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

	Peninsula Family Service Programs						Total All Funds	
	Program Services			Administration	Subtotal	Related		
	Early	Older	Financial	and	Peninsula	Entity		
	Learning	Adults	Empowerment	Advancement	Family Service	(Note A)	6/30/2017	Comparative 6/30/2016
EXPENSES								
<u>Operating Expenses:</u>								
Salaries and Wages	\$ 3,464,968	\$ 858,042	\$ 1,285,915	\$ 1,292,870	\$ 6,901,795	\$ -	\$ 6,901,795	\$ 6,788,890
Payroll Taxes	305,215	74,768	104,806	104,471	589,260	-	589,260	551,796
Employee Benefits	836,249	121,317	59,283	146,354	1,163,203	-	1,163,203	1,147,572
Professional & Outside Services	1,092,400	296,745	44,381	345,077	1,778,603	1,530	1,780,133	1,134,939
Supplies	255,698	13,228	7,166	14,321	290,413	-	290,413	175,900
Food & Refreshments	411,022	75,662	1,461	10,428	498,573	-	498,573	466,696
Telephone & Internet	32,290	14,367	12,533	16,864	76,054	-	76,054	53,585
Postage, Delivery & Printing	11,965	37,701	7,899	35,625	93,190	-	93,190	36,731
Occupancy	402,325	17,434	50,511	(19,652)	450,618	-	450,618	472,320
Insurance	65,872	10,375	7,337	12,213	95,797	-	95,797	92,656
Rental & Maint. of Equipment	20,627	5,237	4,860	78,951	109,675	-	109,675	85,472
Travel	14,116	12,277	8,974	3,304	38,671	-	38,671	33,642
Conferences & Trainings	36,008	8,622	-	13,128	57,758	-	57,758	14,923
Equipment & Improvements	20,807	15,493	16,578	28,712	81,590	-	81,590	54,181
Interest & Bank Fees	-	-	-	20,604	20,604	-	20,604	21,564
Miscellaneous Expense	186,730	67,973	73,518	(51,383)	276,838	511	277,349	209,462
In-kind Expense (Note A)	142,856	318,832	287,855	-	749,543	351,696	1,101,239	1,001,975
Subtotal Operating Expenses, prior to Administrative Costs	7,299,148	1,948,073	1,973,077	2,051,887	13,272,185	353,737	13,625,922	12,342,304
Allocation of Administrative Costs (Note A)	730,624	208,501	182,837	(1,121,962)	-	-	-	-
Subtotal Operating Expenses	8,029,772	2,156,574	2,155,914	929,925	13,272,185	353,737	13,625,922	12,342,304
<u>Non-Operating Expenses:</u>								
Depreciation (Note I)	68,826	-	2,019	236,659	307,504	-	307,504	296,713
TOTAL EXPENSES	\$ 8,098,598	\$ 2,156,574	\$ 2,157,933	\$ 1,166,584	\$ 13,579,689	\$ 353,737	\$ 13,933,426	\$ 12,639,017

See Notes to Financial Statements.

PENINSULA FAMILY SERVICE
& RELATED ENTITY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

	Peninsula Family Service	Related Entity (Note A)	Total All Funds 6/30/2017	Comparative 6/30/2016
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in Net Assets	\$ 12,861	\$ -	\$ 12,861	\$ 169,823
Adjustments to Reconcile Net Revenue & Support to Cash Provided by Operating Activities:				
Depreciation, net of amount charged to net assets	307,504	-	307,504	296,713
Loss on Disposal of Assets	-	-	-	38,620
Net Realized and Unrealized (Gain) / Loss on Assets	(135,811)	-	(135,811)	116,843
Transfer Unrestricted Net Assets	(327,208)	327,208	-	-
(Increase) / Decrease in Assets:				
Accounts and Grants Receivable	(178,699)	-	(178,699)	56,120
Prepaid Expenses	55,586	-	55,586	(10,520)
Pledges Receivable	24,099	-	24,099	23,229
Increase / (Decrease) in Liabilities:				
Accounts Payable and Accrued Expenses	(1,318)	-	(1,318)	137,814
Deferred Revenue	57,478	-	57,478	111,161
Reserve for Loan Guarantees	-	33,862	33,862	(14,067)
Total Adjustments	(198,369)	361,070	162,701	755,913
Net Cash Provided (Used) By Operating Activities:	(185,508)	361,070	175,562	925,736
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net Purchase of Property & Equipment	(118,850)	-	(118,850)	(25,404)
Purchase of Long-Term Investments	(465,680)	-	(465,680)	(982,862)
Proceeds Received on Sale of Investments	450,621	-	450,621	544,619
Reserve for Unemployment Claims	-	-	-	23,448
Net Cash Provided (Used) By Investing Activities:	(133,909)	-	(133,909)	(440,199)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net Payments on Notes Payable	(26,003)	-	(26,003)	(25,769)
Net Payments on Capital Lease	(6,201)	-	(6,201)	(7,087)
Proceeds Received on Line of Credit	-	-	-	175,000
Net Payments on Line of Credit	-	-	-	(275,000)
(Increase)/Decrease in Reserve for Unemployment Claims	-	-	-	(23,448)
Net Cash Provided (Used) By Financing Activities:	(32,204)	-	(32,204)	(156,304)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(351,621)	361,070	9,449	329,233
CASH AND CASH EQUIVALENTS, beginning of year	442,754	68,165	510,919	181,686
CASH AND CASH EQUIVALENTS, end of year	\$ 91,133	\$ 429,235	\$ 520,368	\$ 510,919
Supplemental cash flow information				
Interest Paid			\$ 5,407	\$ 6,534
In-kind Goods and Services Received in lieu of cash			\$ 1,101,238	\$ 1,001,975

See Notes To Financial Statements.

PENINSULA FAMILY SERVICE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

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, 2016. 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. The Organization 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, 2017
(With Comparative Totals for 2016)

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.

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

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

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

PENINSULA FAMILY SERVICE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

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

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

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

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy.

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, 2017
(With Comparative Totals for 2016)

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 was one major source that contributed more than 10% of the total revenue for the year. The California Department of Education accounted for approximately 26% 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
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

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, 2017 were approximately \$200,000.

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, 2017 were approximately \$1,101,238

PENINSULA FAMILY SERVICE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

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 result in the expenses being reported by the Organization's major programs after administrative costs has been allocated. The expenses of the Organization as shown by their functional and natural classification are as follows:

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 5,693,689	\$ 713,091	\$ 495,015	\$ 6,901,795
Employee Benefits	1,519,231	156,348	76,884	1,752,463
Supplies and Food	765,126	14,732	9,128	788,986
Outside Services	1,568,897	121,778	89,458	1,780,133
Occupancy	413,887	22,376	14,355	450,618
Other Operating	1,551,985	183,765	134,587	1,870,337
Minor Equip & Improvements	73,141	5,006	3,443	81,590
Depreciation	85,688	221,816	-	307,504
	<u>\$ 11,671,644</u>	<u>\$ 1,438,912</u>	<u>\$ 822,870</u>	<u>\$ 13,933,426</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, 2017
(With Comparative Totals for 2016)

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.

PENINSULA FAMILY SERVICE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

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

Endowment Fund – (Continued)

- B. ASSET ALLOCATION:** The investment manager is directed to follow an asset allocation strategy that will be consistent with the objectives set forth in paragraph (A.) to include the following:
- 1.** Diversification that will include both common stock and fixed income investments;
 - a.** Common stock investments: Diversification that will result in a portfolio of issues that represent a range of industry groups to spread investment risk over a broad base.
 - b.** Fixed income investments: To include obligations of the U.S. Treasury, agencies of the U.S. government and investment grade corporate debt.
 - 2.** The investments in equities and fixed income will be reviewed no less than at the end of each quarter and compared to the 65% equity and 35% fixed income benchmarks. Should either vary more than 5% from the benchmark upon review, the investments will be rebalanced unless otherwise directed by the committee with documentation explaining the rationale behind the decision.
- C. SPENDING POLICY:** It is the policy of the Trustees to preserve the value of its endowment in real terms (i.e. adjusted for inflation) while providing funds to the Organization for operations. The Fund will contribute to operations at a minimum of 5% of the market value of the Fund's investments annually unless otherwise directed by the board. In addition, subject to Trustees' written approval, interest bearing loans may be made to the Organization.

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

Income Taxes

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

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

PENINSULA FAMILY SERVICE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

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

Summarized Information for 2016

The financial information for the year ended June 30, 2016, 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, 2016, from which the summarized information was derived.

NOTE B – BOARD DESIGNATED NET ASSETS

During the 16/17 fiscal year, the board of the Organization designated certain funds to be used for future events or specific operating purposes. At June 30, 2017, the board designated funds consisted of the following:

Facilities Reserves	\$ 50,000
Loan Reserves	40,000
Retirement Reserves	130,000
	<u>\$ 220,000</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, 2017, temporarily restricted net assets consisted of the following:

Board Designated and Investment Earnings from Endowment	\$ 610,244
General Operations	83,505
Restricted Property and Equipment	14,058
	<u>\$ 707,807</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

YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

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	\$ -	\$ 395,606	\$ 1,399,471	\$ 1,795,077
Investment return:				
Investment income	-	77,697	-	77,697
Realized Gain/(Loss)	-	(2,716)	-	(2,716)
Unrealized Gain/(Loss)	-	119,690	-	119,690
Total investment return	-	194,671	-	194,671
Contributions	-	118,185	-	118,185
Approved Spending for Operations	-	(98,218)	-	(98,218)
Endowment Net Assets, end of year	\$ -	\$ 610,244	\$ 1,399,471	\$ 2,009,715

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, 2017, temporarily restricted net assets released from donor restrictions were as follows:

Approved Transfer from Endowment for Operations	\$ <u>(98,218)</u>
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NOTE F – PLEDGES RECEIVABLE

The Organization received pledges from individuals and corporations that will be received through 2017. At June 30, 2017, there was no balance in the Organization's Pledges Receivable.

PENINSULA FAMILY SERVICE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

NOTE G – ACCOUNTS AND GRANTS RECEIVABLE

At June 30, 2017, the Organization's Accounts and Grants Receivable consisted of the following:

Accounts Receivable:	
Early Learning - Family Fees	\$ 8,535
Employee Receivable	57
Other	15,948
Subtotal Accounts Receivable	<u>24,540</u>
Grants Receivable:	
Early Learning	898,393
Older Adult	458,395
Financial Empowerment	115,448
Subtotal Grants Receivable	<u>1,472,236</u>
Total Accounts and Grants Receivable	<u>\$ 1,496,776</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
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

NOTE H – INVESTMENTS – (Continued)

The investments of the Organization have been recorded at fair value at June 30, 2017, and have been categorized based upon a fair value hierarchy.

	June 30, 2017				June 30, 2016
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total Estimated Fair Value	Total Estimated Fair Value
Cash and Money Funds:	\$ 382,661	\$ -	\$ -	\$ 382,661	\$ 164,583
Level 1 Hierarchy:					
<u>Available-for-Sale:</u>					
Closed End Funds	366,530	39,228	-	405,758	224,115
Mutual Funds	1,263,337	132,392	-	1,395,729	1,644,580
Totals	\$ 2,012,528	\$ 171,620	\$ -	\$ 2,184,148	\$ 2,033,278

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

	6/30/17	6/30/16
Endowment Funds	\$ 1,906,370	\$ 1,760,388
Reserved Funds	222,457	218,543
Building Funds	55,321	54,347
	\$ 2,184,148	\$ 2,033,278

During the year ended June 30, 2017, available-for-sale securities were sold for total proceeds of \$450,621. The gross realized gains on these sales totaled \$16,121. 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 \$119,690, which is the change between the above gross unrealized gains and losses of \$171,620 and the prior year's gross unrealized gain of \$51,930, have been included under investment income in the statement of activities for the year ended June 30, 2017.

PENINSULA FAMILY SERVICE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

NOTE H – INVESTMENTS – (Continued)

Total return on investments during the year ended June 30, 2017 was as follows:

	Interest & Dividends	Realized Gain / (Loss) on Sale	Current Year's Unrealized Gain / (Loss)	Total Return on Investment
Money Funds	\$ 212	\$ -	\$ -	\$ 212
Closed End Funds	4,223	(202)	35,155	39,176
Mutual Funds	73,641	16,323	84,535	174,499
	<u>\$ 78,076</u>	<u>\$ 16,121</u>	<u>\$ 119,690</u>	<u>\$ 213,887</u>

NOTE I – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 consisted of the following:

	Cost	Accumulated Depreciation	Net Book Value
Building & Improvements	\$ 6,581,406	\$ 3,148,433	\$ 3,432,973
Leasehold Improvements	832,016	637,174	194,842
Furniture & Equipment	1,013,938	822,030	191,908
Computers & Peripherals	292,156	278,702	13,454
	8,719,516	4,886,339	3,833,177
Land	987,266	-	987,266
	<u>\$ 9,706,782</u>	<u>\$ 4,886,339</u>	<u>\$ 4,820,443</u>
		\$	

Total depreciation expense for the year ended June 30, 2017 was \$315,916. Of that amount \$307,504 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.

PENINSULA FAMILY SERVICE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

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, 2017 was 3.25%. There was no balance due on the line of credit at year end.

NOTE L– NOTES PAYABLE

At June 30, 2017, 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		26,243
	\$	<u><u>427,670</u></u>

Future principal maturities on notes payable are as follows:

<u>June 30:</u>	<u>Total</u>
2018	\$ 26,243
2019	26,482
2020	26,724
2021	26,969
2022	27,215
Thereafter	294,277
	<u><u>\$ 427,910</u></u>

NOTE M – CAPITAL LEASE PAYABLE

At June 30, 2017, there was no balance in the Organization's Capital Lease Payable.

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.

PENINSULA FAMILY SERVICE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

NOTE O – RETIREMENT PLAN

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

NOTE P – COST ALLOCATION PLAN

Peninsula Family Service updates its cost allocation plans annually or more frequently when changes are needed in program enrollment or other cost drivers. The cost allocation plan is reviewed by the Organization's auditors for compliance with applicable laws and regulations. The Organization obtains approval of the cost allocation plan 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.

PENINSULA FAMILY SERVICE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

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.

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:			
2018	\$ 110,436	\$ 25,571	\$ 136,007
2019	20,321	18,535	38,856
2020	-	2,611	2,611
2021	-	750	750
2022	-	375	375
	<u>\$ 130,757</u>	<u>\$ 47,842</u>	<u>\$ 178,599</u>

Total rent expense for the year ended June 30, 2017 was \$197,793.

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.

PENINSULA FAMILY SERVICE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017
(With Comparative Totals for 2016)

NOTE S – SUBSEQUENT EVENTS

The Organization has evaluated their financial position and activities from the June 30, 2017 year end of this report through December 7, 2017 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, 2017

Grantor / Pass-Through Grantor / or Program Title	Federal CFDA Number	Entity Identifying Number	Grant Award Amount			Revenue Earned / Expenditures		
			Federal	State	Total	Federal	State	Total
<u>U.S. Department of Agriculture:</u>								
<u>Pass-Through Program From:</u>								
<u>State Department of Education -</u>								
Child Care Food Program - Center	10.558	41-1664-1A	\$ 297,002	\$ -	\$ 297,002	\$ 297,002	\$ -	\$ 297,002
<u>San Mateo County-</u>								
Senior Farmers Market Coupons - Noncash	10.576	N/A	1,500	-	1,500	1,200	-	1,200
Total U.S. Department of Agriculture:			298,502	-	298,502	298,202	-	298,202
<u>U.S. Department of Health & Human Services:</u>								
Early Head Start (1/1/17 - 12/31/17)	93.600	09CH9176-02	1,111,712	-	1,111,712	633,257	-	633,257
Early Head Start (1/1/16 - 12/31/16)	93.600	09CH9176-01	1,111,712	-	1,111,712	587,671	-	587,671
<u>Pass-Through Program From:</u>								
<u>CCDF Cluster Program:</u>								
<u>California Department of Education-</u>								
General Child Care Center	93.596	CCTR - 6250	547,985	1,127,369	1,675,354	544,349	1,119,241	1,663,590
General Child Care Center	93.575	CCTR - 6250	251,705	-	251,705	250,035	-	250,035
Total CCTR			799,690	1,127,369	1,927,059	794,384	1,119,241	1,913,625
State Preschool	93.596	CSPP - 6507	276,214	1,330,663	1,606,877	267,694	1,207,289	1,474,983
State Preschool	93.575	CSPP - 6507	126,872	-	126,872	122,959	-	122,959
Total CSPP			403,086	1,330,663	1,733,749	390,653	1,207,289	1,597,942
<u>San Mateo County Office of Education-</u>								
State Preschool	--	CSPP - 6513	-	374,676	374,676	-	374,676	374,676
Sequoia USD	--	51125	-	204,762	204,762	-	204,762	204,762
Subtotal CCDF Cluster			1,202,776	3,037,470	4,240,246	1,185,037	2,905,968	4,091,005
<u>San Mateo County-</u>								
Title III B: Information & Assistance	93.044	N/A	27,229	-	27,229	27,229	-	27,229
Title III B: Employment	93.044	N/A	36,305	-	36,305	36,305	-	36,305
Title III C1: Nutrition	93.045	N/A	36,142	-	36,142	36,142	-	36,142
Total U.S. Dept. of Health & Human Services:			3,525,876	3,037,470	6,563,346	2,505,641	2,905,968	5,411,609
<u>U.S. Department of Transportation:</u>								
<u>Pass-Through Program From:</u>								
<u>Metropolitan Transportation Commission (MTC)-</u>								
Lifeline Transportation Program - SC	20.516	N/A	156,095	-	156,095	156,095	-	156,095
Lifeline Transportation Program - SM	20.516	N/A	179,542	-	179,542	179,542	-	179,542
Total U.S. Department of Transportation:			335,637	-	335,637	335,637	-	335,637

PENINSULA FAMILY SERVICE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2017

Grantor / Pass-Through Grantor / or Program Title	Federal CFDA Number	Entity Identifying Number	Grant Award Amount			Revenue Earned / Expenditures		
			Federal	State	Total	Federal	State	Total
<u>U.S. Department of Labor:</u>								
<u>Pass-Through Program From:</u>								
<u>National Council on Aging-</u>								
Senior Comm. Service Employment Program	17.235	31	1,240,135	-	1,240,135	1,240,135	-	1,240,135
Total U.S. Department of Labor:			1,240,135	-	1,240,135	1,240,135	-	1,240,135
<u>Corporation for National and Community Service:</u>								
<u>Pass-Through Program From:</u>								
<u>Silicon Valley Community Foundation-</u>								
Social Innovation Fund - Big Lift Collaborative	94.019	31	284,600	241,486	526,086	284,600	220,119	504,719
Total Corporation for National & Community Service:			284,600	241,486	526,086	284,600	220,119	504,719
<u>U.S. Department of Housing & Urban Development:</u>								
<u>Pass-Through Program From:</u>								
<u>City of Daly City-</u>								
Community Develop. Block Grant	14.218	N/A	22,000	-	22,000	22,000	-	22,000
Total U.S. Dept. of Housing & Urban Development:			22,000	-	22,000	22,000	-	22,000
Total Federal and State Awards			\$ 5,706,750	\$ 3,278,956	\$ 8,985,706	\$ 4,686,215	\$ 3,126,087	\$ 7,812,302

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
C E R T I F I E D P U B L I C A C C O U N T A N T S , I N C .

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

Independent Auditor's Report

December 7, 2017

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, 2017, 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 7, 2017.

Internal Control Over Financial Reporting

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

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

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

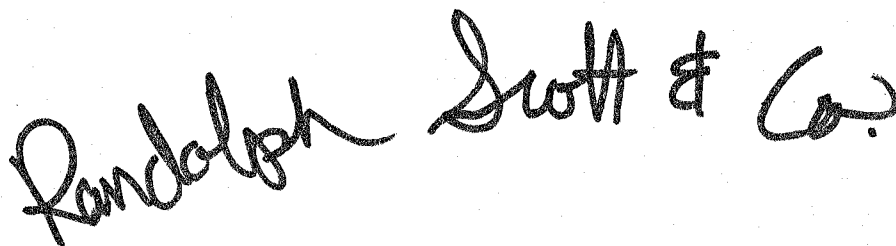
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Certified Public Accountants, Inc.
Novato, California

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

Independent Auditor's Report

December 7, 2017

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, 2017. **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 Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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, 2017.

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, 2017

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-6250: General Child Care Center CSPP-6507: State Preschool Program 41-1664-1A: CACFP
Executive Officers:	
Executive Director:	Heather Cleary
Early Learning Division Director:	Maria Romero
Chief Financial Officer	Inessa Shishmanyman
Report Period:	Fiscal Year Ended June 30, 2017
Schedule of Daily Hours:	Varied
Number of Days of Operation:	247

PENINSULA FAMILY SERVICE
COMBINING STATEMENT OF ACTIVITIES
EARLY LEARNING PROGRAMS
YEAR ENDED JUNE 30, 2017

	California Dept. of Education Programs & Supplemental				San Mateo Co.				Total All
	General Center CCTR - 6250	State Preschool CSPP - 6507	Early Head Start	San Mateo County QRIS	Office of Ed CSPP - 6513	Big Lift	Sequoia USD	General Funds	Early Learning
PUBLIC SUPPORT AND REVENUE									
Grant Income:									
Early Head Start	\$ -	\$ -	\$ 1,220,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,220,928
California Dept. of Education	1,913,625	1,597,942	-	-	-	-	-	-	3,511,567
Child Care Food Program	165,566	131,436	-	-	-	-	-	-	297,002
County of San Mateo	-	-	-	122,420	374,676	-	-	-	497,096
Other Grants	339,239	269,307	-	-	-	545,069	204,762	-	1,358,377
Pledges and Contributions:									
Contributions	-	-	-	-	-	-	-	319,917	319,917
Contributions - In-Kind	79,636	63,220	-	-	-	-	-	-	142,856
Earned Income:									
Fees - Program Services	205,854	116,301	-	-	12,501	-	-	-	334,656
Other Income:									
Other Income	-	-	-	-	-	-	-	-	-
Total Public Support and Revenue	2,703,920	2,178,206	1,220,928	122,420	387,177	545,069	204,762	319,917	7,682,399
EXPENDITURES									
Salaries and wages	1,193,923	947,805	491,257	44,744	184,034	306,366	96,707	200,132	3,464,968
Employee benefits	405,349	321,789	153,072	12,684	73,614	96,773	26,715	51,468	1,141,464
Professional & Outside services	386,348	306,705	300,129	1,465	17,247	51,388	25,455	3,663	1,092,400
Supplies	58,332	46,307	49,558	37,289	7,009	50,769	6,434	-	255,698
Food & Refreshments	175,345	139,199	24,494	497	-	-	7,213	64,274	411,022
Telephone & Internet	12,775	10,141	7,828	195	-	-	1,351	-	32,290
Postage, Delivery & Printing	3,330	2,644	5,212	-	-	-	399	380	11,965
Occupancy	169,071	134,218	26,660	3,164	62,343	-	6,869	-	402,325
Insurance	28,251	22,428	7,698	-	3,955	-	3,540	-	65,872
Rental & Maintenance of Equipment	11,499	9,128	-	-	-	-	-	-	20,627
Travel	6,240	4,954	2,894	10	-	-	18	-	14,116
Conferences & Trainings	-	-	26,632	9,376	-	-	-	-	36,008
Equipment & Improvements	6,485	5,148	4,179	-	-	4,131	864	-	20,807
Depreciation	38,368	30,458	-	-	-	-	-	-	68,826
Interest & Bank Fees	-	-	-	-	-	-	-	-	-
Miscellaneous Expense	74,413	59,074	29,375	12,996	-	4,544	6,328	-	186,730
In-Kind Expense	79,636	63,220	-	-	-	-	-	-	142,856
Allocation of Administrative and Support Expenditures (Note A)	-	-	-	-	-	-	-	-	-
	304,228	241,514	91,940	-	38,975	31,098	22,869	-	730,624
Total Expenditures	2,953,593	2,344,732	1,220,928	122,420	387,177	545,069	204,762	319,917	8,098,598
CHANGE IN NET ASSETS	(249,673)	\$ (166,526)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (416,199)

PENINSULA FAMILY SERVICE
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
YEAR ENDED JUNE 30, 2017

	General Child Care CCTR - 6250	State Preschool CSPP - 6507	San Mateo Co. State Preschool CSPP - 6513	Non-CDE Operating Programs	Total All Child Care Programs
EXPENDITURES					
Direct payments to providers	\$ -	\$ -	\$ -	\$ -	\$ -
1000 Certificated salaries	821,932	647,236	140,947	356,577	1,966,692
2000 Classified salaries	371,991	300,569	43,087	154,160	869,807
3000 Employee benefits	386,348	321,789	73,614	146,301	928,052
4000 Books and supplies	58,332	46,307	7,009	53,609	165,257
5000 Services and other operating expenses	1,276,622	998,373	112,000	241,775	2,628,770
6100/6200 Other approved capital outlay	-	-	-	-	-
6400 New equipment	-	-	-	-	-
6500 Replacement equipment	-	-	-	-	-
Depreciation on assets not purchased with public funds	38,368	30,458	-	-	68,826
Start-up expenses - service level exemption	-	-	-	-	-
Indirect costs	-	-	-	-	-
Total expenses claimed for reimbursement	2,953,593	2,344,732	376,657	952,422	6,627,404
Supplemental expenses (Non-CDE Programs)	748,860	594,488	127,846	-	1,471,194
Total Expenditures	\$ 3,702,453	\$ 2,939,220	\$ 504,503	\$ 952,422	\$ 8,098,598

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, 2017

	<u>Total</u>
<u>EQUIPMENT EXPENDITURES:</u>	
<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.	-
TOTAL EQUIPMENT EXPENDITURES	\$ -
 <u>RENOVATIONS AND REPAIRS:</u>	
<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.	-
TOTAL RENOVATIONS & REPAIRS	\$ -

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, 2017

	General Center CCTR - 6250	State Preschool CSPP - 6507	San Mateo County Preschool CSPP - 6513
Salaries and wages	\$ 182,927	\$ 145,218	\$ 23,435
Employee benefits	40,107	31,840	5,138
Professional & Outside services	31,239	24,800	4,002
Supplies	1,600	1,270	205
Food & Refreshments	2,179	1,730	279
Telephone & Internet	2,577	2,046	330
Postage, Delivery & Printing	3,418	2,714	438
Occupancy	5,740	4,557	735
Insurance	1,916	1,521	245
Rental & Maintenance of Equipment	10,227	8,119	1,310
Travel	646	513	83
Conferences & Trainings	2,403	1,907	308
Minor Equipment & Improvements	1,284	1,019	165
Depreciation	-	-	-
Interest & Bank Fees	1,035	822	133
Miscellaneous Expense	16,928	13,438	2,169
<i>Total Administrative Costs</i>	\$ <u>304,228</u>	\$ <u>241,514</u>	\$ <u>38,975</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, 2017 Contract No. CCTR - 6250
 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	4,290		4,290	1.700	7,293.000
Three-quarters-time	533		533	1.275	679.575
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	13,938		13,938	1.400	19,513.200
Three-quarters-time	2,495		2,495	1.050	2,619.750
On-half-time	-		-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus	-		-	1.180	-
Full-time	5,376		5,376	1.000	5,376.000
Three-quarters-time	1,169		1,169	0.750	876.750
One-half-time	5,300		5,300	0.550	2,915.000
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	58		58	1.200	69.600
Three-quarters-time	-		-	0.900	-
One-half-time	189		189	0.660	124.740
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	3,256		3,256	1.100	3,581.600
Three-quarters-time	1,449		1,449	0.825	1,195.425
One-half-time	2,652		2,652	0.605	1,604.460
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	152		152	1.100	167.200
Three-quarters-time	-		-	0.825	-
One-half-time	152		152	0.605	91.960
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	41,009	-	41,009		46,108.260
DAYS OF OPERATION	246	-	246		
DAYS OF ATTENDANCE	40,776	-	40,776		

☐ 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 General or Migrant Center-Based Programs

Agency Name: **Peninsula Family Service**

Vendor No. **B629**

Fiscal Year Ended: **June 30, 2017**

Contract No. **CCTR - 6250**

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-		-	2.006	-
Full-time	-		-	1.700	-
Three-quarters-time	-		-	1.275	-
One-half-time	-		-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
On-half-time	-		-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus	-		-	1.180	-
Full-time	687		687	1.000	687.000
Three-quarters-time	2,634		2,634	0.750	1,975.500
One-half-time	1,641		1,641	0.550	902.550
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	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	-
TOTAL DAYS OF ENROLLMENT	4,962	-	4,962		3,565.050

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, 2017 Contract No. CCTR - 6250

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$144,539	\$21,027	\$165,566
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify): Other Grant Income & InKind		418,875	418,875
Subtotal	\$144,539	\$439,902	\$584,441
Transfer from Reserve			0
Family Fees for Certified Children	87,287	648	87,935
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	118,513	(594)	117,919
Head Start Program (EC § 8235(b))			0
Other (Specify): Other Unrestricted Income			0
TOTAL REVENUE	\$350,339	\$439,956	\$790,295

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>	\$0	\$0	\$0
1000 Certificated Salaries	685,019	136,913	821,932
2000 Classified Salaries	310,027	61,964	371,991
3000 Employee Benefits	358,415	27,933	386,348
4000 Books and Supplies	47,652	10,680	58,332
5000 Services and Other Operating Expenses	977,491	299,131	1,276,622
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)	2,334	(2,334)	0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance		38,368	38,368
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$2,380,938	\$572,655	\$2,953,593
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$106,200	\$198,028	\$304,228

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, 2017 Contract No. CCTR - 6250

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$1,648,917	(\$900,057)	\$748,860
Other (Specify):			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$1,648,917	(\$900,057)	\$748,860

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$476,373	(\$270,740)	\$205,633
2000 Classified Salaries	215,827	(122,662)	93,165
3000 Employee Benefits	200,919	(108,517)	92,402
4000 Books and Supplies	73,287	(24,873)	48,414
5000 Services and Other Operating Expenses	679,855	(370,609)	309,246
6000 Equipment/Other Capital Outlay	2,656	(2,656)	0
Depreciation or Use Allowance			0
Indirect Costs			0
Other (Specify):			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$1,648,917	(\$900,057)	\$748,860

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, 2017 Contract No. CSPP - 6507

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	11,272		11,272	1.0000	11,272.000
Three-quarters-time	2,870		2,870	0.7500	2,152.500
One-half-time	67		67	0.6196	41.513
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	629		629	1.2000	754.800
Three-quarters-time	83		83	0.9000	74.700
One-half-time	-		-	0.6196	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	20,031		20,031	1.1000	22,034.100
Three-quarters-time	3,246		3,246	0.8250	2,677.950
One-half-time	24		24	0.6196	14.870
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	31		31	1.1000	34.100
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6196	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6196	-
TOTAL DAYS OF ENROLLMENT	38,253	-	38,253		39,056.534
DAYS OF OPERATION	247	-	247		
DAYS OF ATTENDANCE	37,923	-	37,923		

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

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

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Programs

Agency Name: Peninsula Family Service Vendor No. B629

Fiscal Year Ended: June 30, 2017 Contract No. CSPP - 6507

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>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	377		377	1.0000	377.000
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	-
TOTAL DAYS OF ENROLLMENT	377	-	377		377.000

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, 2017**

Contract No.

CSPP - 6507

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$152,444	(\$21,008)	\$131,436
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify): Other Grant Income		269,307	269,307
Other (Specify): InKind Revenue		63,220	63,220
Subtotal	\$152,444	\$311,519	\$463,963
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
Subtotal	\$0	\$0	\$0
Family Fees for Certified Children	107,711	(54)	107,657
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	8,644		8,644
Head Start Program (EC § 8235(b))			0
Other (Specify): Other Unrestricted Income			0
Other (Specify):			0
TOTAL REVENUE	\$268,799	\$311,465	\$580,264

SECTION IV - REIMBURSABLE EXPENSES

Direct Payments to Providers (FCCH Only)	\$0	\$0	\$0
1000 Certificated Salaries	611,336	35,900	647,236
2000 Classified Salaries	283,897	16,672	300,569
3000 Employee Benefits	324,128	(2,339)	321,789
4000 Books and Supplies	43,248	3,059	46,307
5000 Services and Other Operating Expenses	887,655	110,718	998,373
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)	2,462	(2,462)	0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance		30,458	30,458
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$2,152,726	\$192,006	\$2,344,732
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$220,606	\$20,908	\$241,514

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, 2017

Contract No. CSPP - 6507

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$1,278,805	(\$684,317)	\$594,488
Other (Specify):			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$1,278,805	(\$684,317)	\$594,488

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$457,862	(\$285,111)	\$172,751
2000 Classified Salaries	170,826	(106,374)	64,452
3000 Employee Benefits	197,602	(124,248)	73,354
4000 Books and Supplies	70,100	(31,667)	38,433
5000 Services and Other Operating Expenses	378,283	(132,785)	245,498
6000 Equipment/Other Capital Outlay	4,132	(4,132)	0
Depreciation or Use Allowance			0
Indirect Costs			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$1,278,805	(\$684,317)	\$594,488

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, 2017 Contract No. CSPP - 6513

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	967		967	1.0000	967.000
Three-quarters-time	431		431	0.7500	323.250
One-half-time	1,432		1,432	0.6195	887.124
<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	5,268		5,268	1.1000	5,794.800
Three-quarters-time	110		110	0.8250	90.750
One-half-time	1,701		1,701	0.6195	1,053.770
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	415		415	1.1000	456.500
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	-
TOTAL DAYS OF ENROLLMENT	10,324	-	10,324		9,573.194
DAYS OF OPERATION	247	-	247		
DAYS OF ATTENDANCE	10,322	-	10,322		

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

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

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

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

Fiscal Year End: June 30, 2017 Contract No. CSPP - 6513

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	\$0	\$0	\$0
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
Subtotal	\$0	\$0	\$0
Family Fees for Certified Children	11,147	1,354	12,501
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
TOTAL REVENUE	\$11,147	\$1,354	\$12,501

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>	\$0	\$0	\$0
1000 Certificated Salaries	140,947		140,947
2000 Classified Salaries	43,087		43,087
3000 Employee Benefits	73,614		73,614
4000 Books and Supplies	7,009		7,009
5000 Services and Other Operating Expenses	112,000		112,000
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$376,657	\$0	\$376,657
TOTAL ADMINISTRATIVE COSTS (Included in section IV above)	\$16,960	\$22,015	\$38,975

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 on behalf of Vendor No. B629
County of San Mateo

Fiscal Year End: June 30, 2017 Contract No. CSPP - 6513

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$127,846		\$127,846
Other (Specify):			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$127,846	\$0	\$127,846

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$61,019		\$61,019
2000 Classified Salaries	31,449		31,449
3000 Employee Benefits	28,655		28,655
4000 Books and Supplies	3,594		3,594
5000 Services and Other Operating Expenses	560		560
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	2,569		2,569
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$127,846	\$0	\$127,846

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

PENINSULA FAMILY SERVICE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

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 | <u> X </u> | no |
| * Significant deficiency(ies) identified? | _____ | yes | <u> X </u> | none reported |
| * Noncompliance material to financial statements noted? | _____ | yes | <u> X </u> | no |

Federal Awards

Internal control over major programs:

- | | | | | |
|---|-------|-----|--------------|---------------|
| * Material weakness(es) identified? | _____ | yes | <u> X </u> | no |
| * Significant deficiency(ies) identified? | _____ | yes | <u> X </u> | 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, 2017

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.