

Peninsula Family Service

Consolidated Financial Statements
and Single Audit Reports and Schedules
and State Childcare Development Reports

June 30, 2021

(With Comparative Totals for 2020)



TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 24
Single Audit Reports and Schedules	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26 - 27
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	28 - 29
Schedule of Expenditures of Federal and State Awards	30 - 31
Notes to Schedule of Expenditures of Federal and State Awards	32
Schedule of Findings and Questioned Costs	33 - 34
Summary Schedule of Prior Audit Findings	35
Supporting Schedules Required by the California Department of Education	
General Information	37
Combining Statement of Activities	38
Combining Schedule of Renovation and Repair Expenditures	39
Combining Schedule of Equipment Expenditures	40
Combining Schedule of Administrative Costs	41
Combining Schedule of Expenditures by State Categories	42
AUD 9500 - Audited Attendance and Fiscal Report for Child Development Programs	43 - 54
AUD 8501 - Audited Attendance and Fiscal Report for California State Preschool Programs	55 - 66

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Peninsula Family Service
San Mateo, California

We have audited the accompanying consolidated financial statements of Peninsula Family Service (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 audit. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 consolidated 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 consolidated 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 financial position of Peninsula Family Service as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and state awards and other supporting schedules, 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* and the California Department of Education, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying supplementary information shown on pages 30 - 66 for California Department of Education is 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Peninsula Family Service's 2020 consolidated financial statements, and our report dated December 15, 2020 expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Armanino^{LLP}
San Francisco, California

December 14, 2021

Peninsula Family Service
Consolidated Statement of Financial Position
June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,400,398	\$ 2,768,990
Accounts and grants receivable	1,182,700	506,534
Prepaid and other current assets	<u>233,484</u>	<u>221,312</u>
Total current assets	<u>2,816,582</u>	<u>3,496,836</u>
Noncurrent assets		
Investments	3,160,455	2,427,837
Accounts and grants receivable, net	92,000	-
Refundable deposits	2,701	2,701
Property and equipment, net	<u>4,092,106</u>	<u>4,220,103</u>
Total noncurrent assets	<u>7,347,262</u>	<u>6,650,641</u>
Total assets	<u><u>\$ 10,163,844</u></u>	<u><u>\$ 10,147,477</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 470,417	\$ 376,744
Accrued expenses	1,101,046	948,406
Deferred revenue	28,616	28,616
Refundable advance - PPP	-	904,402
Current portion of notes payable	<u>46,740</u>	<u>46,494</u>
Total current liabilities	<u>1,646,819</u>	<u>2,304,662</u>
Long-term liabilities		
Notes payable, net of current portion	332,934	380,148
Other liabilities	<u>58,681</u>	<u>53,580</u>
Total long-term liabilities	<u>391,615</u>	<u>433,728</u>
Total liabilities	<u>2,038,434</u>	<u>2,738,390</u>
Net assets		
Without donor restrictions		
Undesignated	4,796,176	4,921,422
Board-designated	<u>90,000</u>	<u>90,000</u>
Total without donor restrictions	<u>4,886,176</u>	<u>5,011,422</u>
With donor restrictions	<u>3,239,234</u>	<u>2,397,665</u>
Total net assets	<u>8,125,410</u>	<u>7,409,087</u>
Total liabilities and net assets	<u><u>\$ 10,163,844</u></u>	<u><u>\$ 10,147,477</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Peninsula Family Service
Consolidated Statement of Activities
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues, gains and other support				
Grant income				
Early Head Start	\$ 1,356,735	\$ -	\$ 1,356,735	\$ 1,189,608
California Department of Education	6,055,756	-	6,055,756	5,298,657
County of San Mateo	1,310,397	-	1,310,397	1,097,476
National Council on Aging	1,197,646	-	1,197,646	1,154,671
Other grants	<u>1,881,642</u>	<u>-</u>	<u>1,881,642</u>	<u>1,922,302</u>
Total grant income	<u>11,802,176</u>	<u>-</u>	<u>11,802,176</u>	<u>10,662,714</u>
Contributions	2,061,788	851,176	2,912,964	2,483,774
In-kind contributions	1,477,855	-	1,477,855	1,477,756
Program service fees	5,538	-	5,538	143,556
Other revenue	58,177	-	58,177	46,136
Interest and dividends	158,170	81,132	239,302	237,822
Realized and unrealized gains (losses) on investments, net	-	473,211	473,211	(111,911)
Net assets released from restriction	<u>563,950</u>	<u>(563,950)</u>	<u>-</u>	<u>-</u>
Total	<u>4,325,478</u>	<u>841,569</u>	<u>5,167,047</u>	<u>4,277,133</u>
Total revenues, gains and other support	<u>16,127,654</u>	<u>841,569</u>	<u>16,969,223</u>	<u>14,939,847</u>
Functional expenses				
Program services	13,387,548	-	13,387,548	12,190,940
Management and general	1,693,914	-	1,693,914	1,619,753
Fundraising	<u>1,171,438</u>	<u>-</u>	<u>1,171,438</u>	<u>1,095,179</u>
Total functional expenses	<u>16,252,900</u>	<u>-</u>	<u>16,252,900</u>	<u>14,905,872</u>
Change in net assets	(125,246)	841,569	716,323	33,975
Net assets, beginning of year	<u>5,011,422</u>	<u>2,397,665</u>	<u>7,409,087</u>	<u>7,375,112</u>
Net assets, end of year	<u>\$ 4,886,176</u>	<u>\$ 3,239,234</u>	<u>\$ 8,125,410</u>	<u>\$ 7,409,087</u>

The accompanying notes are an integral part of these consolidated financial statements.

Peninsula Family Service
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	Program Services				Support Services		2021	2020
	Early Learning	Older Adults	Financial Empowerment	Total Program Services	Management and General	Fundraising	Total	Total
Personnel expenses								
Salaries and wages	\$ 4,766,911	\$ 708,263	\$ 1,477,944	\$ 6,953,118	\$ 1,001,372	\$ 766,191	\$ 8,720,681	\$ 8,052,767
Payroll taxes	351,989	58,361	114,840	525,190	77,363	54,348	656,901	604,310
Employee benefits	<u>1,497,634</u>	<u>185,053</u>	<u>118,897</u>	<u>1,801,584</u>	<u>172,397</u>	<u>124,234</u>	<u>2,098,215</u>	<u>1,661,158</u>
Total personnel expenses	6,616,534	951,677	1,711,681	9,279,892	1,251,132	944,773	11,475,797	10,318,235
Professional and outside services	214,145	34,427	96,779	345,351	38,114	22,857	406,322	833,553
Supplies	447,508	3,252	7,733	458,493	14,392	1,769	474,654	140,276
Refreshment and program food	290,273	65,268	59	355,600	1,498	695	357,793	373,891
Telephone and internet	54,425	12,530	16,704	83,659	8,648	5,363	97,670	87,195
Postage, delivery and printing	2,558	500	6,064	9,122	410	164	9,696	25,127
Occupancy	558,965	19,160	69,577	647,702	16,275	12,743	676,720	566,931
Insurance	46,457	5,508	25,442	77,407	4,580	3,533	85,520	81,893
IT, software and equipment	180,053	55,698	34,114	269,865	58,722	40,823	369,410	297,024
Travel	2,545	66	557	3,168	2,247	176	5,591	19,736
Conferences and trainings	36,344	-	248	36,592	8,053	1,065	45,710	47,852
Public relations	70,309	53,263	57,619	181,191	824	62,871	244,886	204,685
Miscellaneous expenses	8,819	3,065	133,962	145,846	8,429	392	154,667	97,845
In-kind expenses	<u>619,795</u>	<u>518,511</u>	<u>265,335</u>	<u>1,403,641</u>	<u>-</u>	<u>74,214</u>	<u>1,477,855</u>	<u>1,477,756</u>
Total expenses before depreciation	9,148,730	1,722,925	2,425,874	13,297,529	1,413,324	1,171,438	15,882,291	14,571,999
Depreciation	<u>87,638</u>	<u>-</u>	<u>2,381</u>	<u>90,019</u>	<u>280,590</u>	<u>-</u>	<u>370,609</u>	<u>333,873</u>
	<u>\$ 9,236,368</u>	<u>\$ 1,722,925</u>	<u>\$ 2,428,255</u>	<u>\$ 13,387,548</u>	<u>\$ 1,693,914</u>	<u>\$ 1,171,438</u>	<u>\$ 16,252,900</u>	<u>\$ 14,905,872</u>

The accompanying notes are an integral part of these consolidated financial statements.

Peninsula Family Service
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 716,323	\$ 33,975
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	370,609	333,873
Net realized and unrealized losses (gains) on investments	(473,211)	111,911
Debt forgiveness	(20,000)	(20,000)
Changes in operating assets and liabilities		
Accounts and grants receivable	(768,166)	534,814
Prepaid and other current assets	(12,172)	28,234
Accounts payable	93,673	(49,124)
Accrued expenses	152,640	203,568
Deferred revenue	-	(21,694)
Refundable advance - PPP	(904,402)	904,402
Reserve for loan guarantees	5,101	(16,355)
Net cash provided by (used in) operating activities	<u>(839,605)</u>	<u>2,043,604</u>
Cash flows from investing activities		
Purchases of property and equipment	(242,612)	(198,210)
Purchases of long-term investments	(680,651)	(513,549)
Proceeds from sales of investments	421,244	379,971
Net cash used in investing activities	<u>(502,019)</u>	<u>(331,788)</u>
Cash flows from financing activities		
Proceeds from note payable	-	98,182
Repayments of note payable	(26,968)	(26,725)
Net cash provided by (used in) financing activities	<u>(26,968)</u>	<u>71,457</u>
Net increase (decrease) in cash	(1,368,592)	1,783,273
Cash, beginning of year	<u>2,768,990</u>	<u>985,717</u>
Cash, end of year	<u><u>\$ 1,400,398</u></u>	<u><u>\$ 2,768,990</u></u>

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 3,059	\$ 3,303
--	----------	----------

The accompanying notes are an integral part of these consolidated financial statements.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

1. NATURE OF OPERATIONS

Peninsula Family Service strengthens our community by providing children, families, and older adults the support and tools to realize their full potential and lead healthy, stable lives. We envision a community where opportunity, financial stability, and wellness are secured for all.

Peninsula Family Service provides comprehensive services that support individuals and families at various stages of life. Founded in 1950, Peninsula Family Service has served our community for 71 years, providing innovative, professionally-led, locally-targeted solutions to secure the wellness and stability of our neighbors. We provide these services in three priority program areas: early learning, financial empowerment, and older adult services.

As Peninsula Family Service has grown, it changed its name from the Family Service Agency of San Mateo County to Peninsula Family Service in June 2010.

Early Learning

We open doors to learning, health, and stability for children (prenatal to eleven years old). We change the lives of our children and families by providing opportunity for healthy growth and high-quality early learning curriculum so they can thrive.

Early Learning Centers - Our eight child development centers provide children (ages 6 weeks to 5 years) from low-income and poverty-level families, including those who are homeless, with a safe, nurturing environment where they can learn, socialize, and thrive. We fuel that growth by providing nutritious meals - a healthy morning and afternoon snack, and lunch. The earliest years from infancy to preschool form a critical growth stage when more than 90 percent of brain development occurs. To achieve our goal of securing the right to opportunity for every child in our community, we concentrate our early learning efforts on the neighborhoods and populations that need it most.

Therapeutic Interventions for Trauma - Peninsula Family Service is known for excellence in assessment and customized, targeted interventions for our children who have experienced trauma.

Serving Children Experiencing Homelessness - Two of our early learning centers are dedicated to children living in transitional or emergency housing.

High Quality Curriculum - We provide high quality early learning curriculum taught in each of our early learning classrooms for all ages of our children: infants, toddlers, and preschoolers.

STEM from the Start - Peninsula Family Service is known for our STEM from the Start program, building comprehensive STEM curriculum and fully trained teachers for our children from infants through school-age.

School-Age After School and Summer Programs - We extend our program to school-age children as we provide our Club program of after-school and summer learning for children ages 5 to 11 (kindergarten through 5th grade).

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

1. NATURE OF OPERATIONS (continued)

Early Learning (continued)

Family Engagement - We support the development of our children at home by educating parents on healthy parenting and the latest early childhood development techniques. We connect families to physical and behavioral health resources; work one-on-one with parents to ensure their needs as a family-unit are met; and educate parents on the latest early childhood development techniques so they can nurture their children's development during the critical early years.

Financial Empowerment

We open doors to financial education, services, and tools. We change lives by empowering individuals to take control of their financial futures. We provide:

Financial Education - Financial workshops educate participants on budgeting, spending habits, and credit building. All participants must successfully complete these workshops before receiving additional support or tools.

Accessible and Affordable Loans - After completing financial education, we provide people with the tools to rebuild their financial futures. This includes offering low interest auto loan options, to those who qualify to pay but have low credit scores, such as the DriveForward (and DriveForward Electric) Vehicle Loan Program which enables the purchase of a quality used vehicle.

Banking Alternatives - Individuals who do not have access to traditional banking services can access tools to rebuild their credit, such as zero-interest social loans (Lending Circles). In addition, we offer a low-cost money management tool, a VISA Prepaid Debit Card, to help individuals who do not have access to bank checking accounts.

Employment Services for Older Adults - The Senior Community Service Employment Program (SCSEP) provides training opportunities and paid internships for adults ages 55+ to re-enter the workforce. Our Mature Worker program provides job seeking services to those 50+.

Older Adult Services

We open doors to independence, wellness, and engagement for older adults. We change lives by providing opportunities for older individuals in our community to connect and thrive. We provide:

Senior Peer Counseling (SPC) - Trained volunteer counselors offer one-on-one or group support and companionship to diverse community members (aged 55+). The program offers services in English, Mandarin, Spanish, Tagalog, and to our LGBTQ+ community.

Fair Oaks Adult Activity Center - The center offers many programs and services that empower older adults to improve their health, social lives, and personal fulfillment. Participants have access to a variety of group social activities, fitness classes, health screenings, information, and assistance. They may also share a nutritious breakfast and lunch each day, as well as accessing biweekly brown bag lunches and biweekly groceries.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

1. NATURE OF OPERATIONS (continued)

Older Adult Services (continued)

Technology-based Support - Older adults can access on-demand emotional support using a new digital application. We provide support and training to enable access to this technology.

Transportation - The "Got Wheels" program provides subsidized, on-demand taxi services to eligible adults (70+) in Daly City, Colma, Brisbane, SSF, San Bruno, Millbrae, Burlingame, Half Moon Bay, Montara, El Granada and Moss Beach. Members can get subsidized rides within this geographic area and to the San Francisco International Airport. Drivers are trained to provide "arm in arm" support and vehicles are fully accessible for passengers.

On February 25, 2016, Peninsula Family Service incorporated a California for-profit entity, DriveFoward, LLC ("DF"), to strengthen the financial empowerment line of development. Peninsula Family Service is the sole member of DF.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements are presented using the accrual method of accounting.

Principles of consolidation

The consolidated financial statements include the accounts of Peninsula Family Service and DF (collectively, the "Organization"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of 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 and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses for the reporting period. Actual results could differ from those estimates.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets

The Organization reports information regarding its financial position and activities according to classes of net assets. Net assets and changes therein are classified as follows:

Net assets without donor restrictions - net assets available for use in general operations and not subject to donor restrictions. The Organization's board may designate net assets without donor restrictions for specific purposes.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature such as those that may or will be met by actions of the Organization and/or passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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. At June 30, 2021, cash and cash equivalents include \$350,000 in a deposit account that is pledged as part of a lending and guaranty agreement entered into by DriveForward, LLC.

The Organization maintains funds in various institutions that are a member of the Federal Deposit Insurance Corporation. As such, funds are insured based on Federal Reserve limits. The Organization has not experienced any loss in the past and believes it is not exposed to any significant credit risk on the current account balances. At times, cash balances may exceed the insured amounts.

Accounts receivables

The Organization uses the reserve method for allowance for doubtful accounts. For the year ended June 30, 2021, there was no allowance for doubtful accounts.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable

Contributions that are promised in one year but are not expected to be collected until after the end of that year are reflected as contributions receivable and are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts are recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable may be established based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable. At June 30, 2021, there was no allowance for doubtful contributions.

Investments

Investments are reported at their fair values in the consolidated statement of financial position. Investment earnings or losses are included as increases or decreases in net assets without donor restriction, unless their use is restricted by the donor.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Investments and fair value measurements

Investments are reflected in the consolidated statement of financial position at fair value with changes in realized and unrealized gains and losses resulting from changes in fair value reflected in the consolidated statement of activities as investment gain or loss. Publicly-traded investments in active markets are reported at the market closing. Investment transactions are recorded on a trade-date basis (for publicly-traded investments) or upon closing of the transaction (for private investments).

Level 1 - These consist of investments where values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access. These investments consist of exchange-traded investments in debt and equity securities and mutual funds.

Level 2 - These consist of investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments.

Level 3 - These consist of financial instruments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the instruments.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and fair value measurements (continued)

The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

Concentration of revenue sources

Of the total revenue sources of the Organization, the California Department of Education accounted for approximately 36% of the total revenue of the Organization for the year ended June 30, 2021.

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.

Property and equipment

The Organization records purchased property with extended useful lives at cost, and donated property and equipment at fair market value on the date received. Depreciation may not be claimed for reimbursement under child development contracts for assets donated or purchased with public funds.

The Organization capitalizes and depreciates or amortizes all property and equipment in accordance with its policies and reports the transactions in the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. The Organization's capitalization threshold is \$5,000. Depreciation and amortization is recorded over the useful lives of the property and equipment using the straight-line method.

Long-lived assets

The Organization reviews the carrying value of property, equipment and intangible assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where the expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. As of June 30, 2021, no impairment loss was recognized by the Organization.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid expenses

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

Paid time off (PTO)

The Organization offers a single PTO program to eligible employees that can be used for any purpose (e.g. vacation, personal leave, sick leave, etc.). Eligible employees accrue PTO based on years of service and exemption status. Non-exempt employees earn PTO hours based on hours paid each pay period excluding overtime, but including PTO. If employment ends, all accrued PTO hours that have not been used at termination date will be paid. Accrued PTO at June 30, 2021 was \$702,315.

Revenue recognition

Contributions received are reported as net assets without donor restrictions or with donor restrictions depending on donor restrictions, if any. Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the barrier has been overcome and right of release/right of return no longer exists.

A major portion of the Organization's revenues is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. The Organization has been awarded cost-reimbursable grants of approximately \$652,000 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred.

In addition, the Organization receives family fee and tuition revenue for child care services based on a set fee schedule and income guidelines. Revenue is recognized as services are provided.

Donated materials and services

Donated materials and services (in-kind) are reflected as contributions in the accompanying consolidated statement of activities 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, loan capital for the purchase of vehicles and legal services. The total in-kind contributions for the year ended June 30, 2021 was \$1,477,855.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising costs

The Organization expenses advertising costs as incurred. Advertising costs totaled \$9,910 for the year ended June 30, 2021.

Allocation of expenses

The costs of providing programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Indirect or shared costs are allocated to the programs and supporting services by a method that measures the estimated benefit provided.

Income taxes

PFS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code sections of the California Revenue and Taxation code is subject to income tax. Accordingly, no provision for income taxes has been provided for in the accompanying consolidated financial statements.

DF, a for-profit entity, is a disregarded entity which is not subject to federal income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying consolidated financial statements. DF, however, is required to pay an \$800 minimum California franchise tax and a gross receipts fee.

The Organization is required to file annual informational returns for its nonprofit entities with the Internal Revenue Service and the California Franchise Tax Board. Management has evaluated its current tax positions and has concluded as of June 30, 2021, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary. The tax returns are subject to examination by the taxing authorities generally for three years and four years for federal and state, respectively, starting with the date of filing or the due date of the tax return, whichever is later.

Comparative financial information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2020 from which the summarized information was derived.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

Effective July 1, 2020, the Organization adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)". The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of ASU 2014-09 did not have a material impact on the Organization's consolidated financial statements.

Subsequent events

The Organization has evaluated subsequent events through December 14, 2021, the date the consolidated financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Organization's consolidated financial statements.

3. ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable as of June 30, 2021 consisted mainly of receivables from various funding agencies and donors. The noncurrent portion of accounts and grants receivable is expected to be collected in 2023.

4. INVESTMENTS

Investments consisted of the following:

Mutual funds	\$ 919,545
Money market funds	<u>2,240,910</u>
	<u><u>\$ 3,160,455</u></u>

The following summarizes investment return for the year ended June 30, 2020

Interest and dividend income	\$ 239,302
Realized gains on investments	100,029
Unrealized gains on investments	387,544
Investment fees	<u>(14,362)</u>
	<u><u>\$ 712,513</u></u>

The Organization is the owner and the direct beneficiary of certain life insurance policies. The policies were valued at the cash surrender value.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

4. INVESTMENTS (continued)

The Organization invested in open-end and closed-end mutual funds. The fair values of the mutual funds were measured using quoted market prices.

The Organization invested in money market funds, which consisted of 99.5% government funds, cash and/or securities backed by the US government and retail funds. The price of the money market fund may fluctuate and may be worth less than originally paid. A money market fund is not insured or guaranteed by the FDIC or other government agency.

5. FAIR VALUE DISCLOSURES

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Mutual funds	\$ 2,240,910	\$ -	\$ -	\$ 2,240,910
Money market funds	<u>919,545</u>	<u>-</u>	<u>-</u>	<u>919,545</u>
	<u>\$ 3,160,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,160,455</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Leasehold improvements	\$ 1,008,389
Buildings	6,925,322
Computer equipment	349,067
Furniture and fixtures	1,075,430
Land	987,266
Construction in progress	<u>28,931</u>
	10,374,405
Accumulated depreciation and amortization	<u>(6,282,299)</u>
	<u>\$ 4,092,106</u>

Depreciation and amortization expense amounted to \$370,609 for the year ended June 30, 2021.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

7. 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.

8. LINE OF CREDIT

The Organization has a revolving line of credit with availability of \$1,275,000. The line of credit matures at June 30 every year and is reviewed for renewal. The line of credit is secured by a deed of trust. Interest is payable in monthly installments on the unpaid principal balance at 0.5% over the prime rate as published in the Wall Street Journal. The interest rate at June 30, 2021 was 4%. The Organization has no outstanding balance at June 30, 2021.

9. NOTES PAYABLE

On March 1, 2002, the Organization received a \$725,000 loan from the Property Acquisition Program Loan Program offered by the County of San Mateo Department of Housing to purchase a commercial building in the County of San Mateo. The original term of the loan was scheduled to mature in 15 years on August 31, 2017. On November 25, 2015, the Organization entered into an amendment with the County of San Mateo to extend the maturity date to November 1, 2032. The loan bears an interest rate of 0.91% per annum, with a monthly payment amount of \$2,508 (including a collection fee of \$6) and a balloon payment at maturity for the outstanding balance and interest.

The Organization received a \$100,000 loan from the City of San Mateo for the construction and expansion of a childcare facility for up to six participants. For each year the Organization satisfies the program requirements, as evidenced by the City's approval of the annual report, the City will forgive a portion of the loan in an amount equal to 40% of the original principal payment. In the event that the Organization satisfies the program requirements for five years during the loan term, the entire original loan amount shall be forgiven. For the year ended June 30, 2021, 20% of the loan amount has been forgiven.

Notes payable are detailed as follows:

Note payable to the County of San Mateo	\$ 321,492
Note payable to the City of San Mateo	58,182
	379,674
Current portion	(46,740)
	<u>\$ 332,934</u>

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

9. NOTES PAYABLE (continued)

The future maturities of the notes payable are as follows:

<u>Year ending June 30,</u>	
2022	\$ 46,740
2023	46,988
2024	47,239
2025	27,947
2026	28,202
Thereafter	<u>182,558</u>
	<u><u>\$ 379,674</u></u>

10. PAYCHECK PROTECTION PROGRAM

On April 22, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of approximately \$1,819,042 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization.

The Organization accounts for the PPP Loan using the conditional contribution model. The Organization recognized contribution revenue of \$904,402 from the PPP Loan for the year ended June 30, 2021 and the amount is included in other grants on the consolidated statement of activities. In September 2021, the Organization received full forgiveness of its PPP loan and accrued interest from the Small Business Administration.

11. BOARD DESIGNATED NET ASSETS

The board of the Organization designated certain funds to be used for future events or specific operating purposes.

Net assets without donor restrictions were designated for the following purposes:

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

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Operations	\$ 744,049
Endowment funds	2,206,176
Fixed assets reserve	<u>289,009</u>
	<u><u>\$ 3,239,234</u></u>

13. ENDOWMENT

The Organization's endowment consists of several individual funds established for a variety of purposes. Its endowment includes only donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Organization's Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 endowment net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds, and (d) the remaining portion of donor-restricted endowment fund whose use is restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, 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 fund
- (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
- (7) The investment policies of the Organization

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

13. ENDOWMENT (continued)

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board of trustees, the Organization diversifies its investments, subject to practicality constraints, among a variety of asset classes so as to maximize the benefit to the Organization and 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.

Asset allocation

The investment manager is directed to follow an asset allocation strategy that would be consistent with the objective to include the following:

Diversification that would include both common stock and fixed income investments. Common stock investments include diversification that would result in a portfolio of issues that represent a range of industry groups to spread investment risk over a broad base. Fixed income investments include obligations of the U.S. Treasury, agencies of the U.S. government and investment grade corporate debt.

The investments in equities and fixed income would be reviewed no less than quarterly and compared to the 65% equity and 35% fixed income benchmarks. Should either vary more than 5% from the benchmark upon review, the investments would be rebalanced unless otherwise directed by the committee with documentation explaining the rationale behind the decision.

Socially and environmentally responsible investing strategy seeking not only a financial return, but also a social and environmental benefit.

Spending policy

It is the policy of the trustees to preserve the value of its endowment in real terms while providing funds to the Organization for operations. It shall be the responsibility of the trustees to periodically review the spending policy.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

13. ENDOWMENT (continued)

Endowment composition

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	<u>Restricted</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$ 806,705</u>	<u>\$ 1,399,471</u>	<u>\$ 2,206,176</u>

Changes in endowment net assets for the fiscal year ended June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, June 30, 2020	<u>\$ -</u>	<u>\$ 1,836,624</u>	<u>\$ 1,836,624</u>
Investment return			
Investment income	-	81,132	81,132
Realized and unrealized loss	<u>-</u>	<u>473,211</u>	<u>473,211</u>
Total investment return	-	554,343	554,343
Appropriation of net assets	<u>-</u>	<u>(184,791)</u>	<u>(184,791)</u>
	<u>-</u>	<u>369,552</u>	<u>369,552</u>
Balance, June 30, 2021	<u>\$ -</u>	<u>\$ 2,206,176</u>	<u>\$ 2,206,176</u>

14. 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. For the year ended June 30, 2021, the Organization contributed \$766,008 to the plan.

15. COMMITMENTS AND CONTINGENCIES

The Organization leases commercial properties under non-cancelable leases. Rent expense for the year ended June 30, 2021 was \$178,752.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

15. COMMITMENTS AND CONTINGENCIES (continued)

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>	
2022	\$ 89,510
2023	91,036
2024	53,598
2025	<u>32,019</u>
	<u>\$ 266,163</u>

16. COST ALLOCATION PLAN

The Organization updates its cost allocation plans annually or more frequently when changes are needed in program enrollment or other cost drivers. The Organization obtains approval of the cost allocation plan from its Board of Directors. The Organization applies several methods for allocating costs:

Direct costs

Costs identified 100 percent 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 benefiting.

Payroll costs are allocated using individual time sheets that report the actual time spent by employees in each program each day.

Rent, 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.

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

16. COST ALLOCATION PLAN (continued)

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.

17. AUXILIARY ORGANIZATIONS

The Organization is affiliated with three non-profit auxiliary corporations. The sole purpose of the auxiliary corporations is to support the Organization by fundraising, volunteer service projects and by promoting community awareness of the Organization's programs. The auxiliaries are The Hillsborough Auxiliary to Peninsula Family Service, Foothill Auxiliary to Peninsula Family Service and Red-Car-Bel Auxiliary Inc. The auxiliaries are operated by their own boards of directors which consist of active members of the auxiliaries. The auxiliaries are not required to be and are not consolidated in the accompanying consolidated financial statements. The net assets of the auxiliaries as of June 30, 2021 are nominal and not recognized by the Organization.

18. LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following is a quantitative disclosure which describes financial assets that are available as of June 30, 2021 to fund general expenditures and other obligations as they become due within one year:

Financial assets:	
Cash and cash equivalents	\$ 1,400,398
Accounts and grants receivable	1,274,700
Investments	<u>3,160,455</u>
	<u>5,835,553</u>
Less: limitations making financial assets unavailable for general expenditure within one year:	
Net assets with donor restrictions	<u>(3,397,404)</u>
	<u>(3,397,404)</u>
	<u>\$ 2,438,149</u>

Peninsula Family Service
Notes to Consolidated Financial Statements
June 30, 2021

19. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders, including California, where the Organization is headquartered. In response, the U.S. Government enacted the CARES Act, which includes significant provisions to provide relief and assistance to affected organizations.

Impacts to the Organization's operations include disruptions and restrictions on employees' ability to work and potential challenges with collectability of receivables. While the disruption from COVID-19 is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders and the ultimate financial impact. It is at least reasonably possible that this matter will negatively impact the Organization, however, the financial impact and duration cannot be reasonably estimated at this time.

SINGLE AUDIT REPORTS AND SCHEDULES

INDEPENDENT AUDITOR'S 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*

Board of Directors
Peninsula Family Service
San Mateo, California

We have audited, in accordance with the 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 consolidated financial statements of Peninsula Family Service (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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.

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 the Organization's consolidated financial statements are free from 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 consolidated 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
San Francisco, California

December 14, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

Board of Directors
Peninsula Family Service
San Mateo, California

Report on Compliance for Each Major Federal Program

We have audited Peninsula Family Service (the "Organization")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the 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 the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2021.

Report on Internal Control Over Compliance

Management of the Organization 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 of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on 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 the 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 the Organization'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 noncompliance 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 a 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.

Our consideration of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Armanino^{LLP}
San Francisco, California

December 14, 2021

Peninsula Family Service
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Total State Expenditures
<u>Expenditures of Federal and State Awards</u>				
U.S. Department of Health and Human Services				
Direct awards				
Head Start				
Early Head Start	93.600	09CH011352-01/ 09CH011352	\$ 1,356,735	\$ -
Total direct awards			<u>1,356,735</u>	<u>-</u>
Pass-through program from California Department of Education:				
CCDF Cluster				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
CCTR-0247	93.596	41-B629-00-7	<u>469,281</u>	<u>2,466,498</u>
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund			<u>469,281</u>	<u>2,466,498</u>
Child Care and Development Block Grant				
CCTR-0247	93.575	41-B639-00-7	213,382	-
CSPP-0538		41-B640-00-7	-	2,728,997
Stipend Allocation	93.575		<u>182,411</u>	<u>-</u>
Total Child Care and Development Block Grant			<u>395,793</u>	<u>2,728,997</u>
Total CCDF Cluster			<u>865,074</u>	<u>5,195,495</u>
Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers				
Pass-through program from County of San Mateo				
Title IIIB: Information & Assistance	93.044	57000-20- R076561K	37,500	-
Title IIIB: Information & Assistance - CARES Act	93.044	57000-21- R077538R.A1	<u>22,316</u>	<u>-</u>
Total Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers			<u>59,816</u>	<u>-</u>
Special Programs for the Aging_ Title III, Part C_ Nutrition Services				
Pass-through program from County of San Mateo				
Title IIIB: Information & Assistance	93.045	57000-20- R076561K	37,190	9,000
Title IIIB: Information & Assistance - CARES Act	93.045	57000-21- R077538R.A1	<u>6,048</u>	<u>-</u>
Total Special Programs for the Aging_ Title III, Part C_ Nutrition Services			<u>43,238</u>	<u>9,000</u>
Total U.S. Department of Health and Human Services			<u>2,324,863</u>	<u>5,204,495</u>

The accompanying notes to the Schedule of Expenditures of Federal and State Awards
are an integral part of this schedule.

Peninsula Family Service
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Total State Expenditures
U.S. Department of Labor				
Senior Community Service Employment Program				
Pass-through program from National Council on Aging:				
National Council on Aging	17.235	31	<u>1,197,647</u>	<u>-</u>
Total U.S. Department of Labor			<u>1,197,647</u>	<u>-</u>
U.S. Department of Agriculture				
Child and Adult Care Food Program				
Pass-through program from California Department of Education:				
Child Care Food Program	10.558	41-1664-1A	<u>195,077</u>	<u>-</u>
Total Child and Adult Care Food Program			<u>195,077</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>195,077</u>	<u>-</u>
U.S. Department of Transportation				
Job Access And Reverse Commute Program				
Pass-through program from Metropolitan Transportation Commission:				
Lifeline Transportation Program	20.516		<u>109,103</u>	<u>-</u>
Total U.S. Department of Transportation			<u>109,103</u>	<u>-</u>
U.S. Department of Housing & Urban Development				
Community Development Block Grants/Entitlement Grants				
Pass-through program from City of Daly City:				
Community Development Block Grant	14.218	B-19-MC-06-0010	<u>22,000</u>	<u>-</u>
Total U.S. Department of Housing & Urban Development			<u>22,000</u>	<u>-</u>
Total Expenditures of Federal and State Awards			<u><u>\$ 3,848,690</u></u>	<u><u>\$ 5,204,495</u></u>

The accompanying notes to the Schedule of Expenditures of Federal and State Awards
are an integral part of this schedule.

Peninsula Family Service
Notes to Schedule of Expenditures of Federal and State Awards
June 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Peninsula Family Service (the "Organization") under programs of the federal government and State of California for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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) and California Department of Education. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and California Department of Education, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. LOANS

The Organization did not have any federal loan programs during the year ended June 30, 2021.

4. INDIRECT COSTS

Except for the Head Start program, the Organization does not use the 10% de minimis indirect cost rate for federal awards.

Peninsula Family Service
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	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 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Head Start	93.600
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Peninsula Family Service
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Peninsula Family Service
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

There were no prior year findings.

SUPPORTING SCHEDULES REQUIRED BY THE CALIFORNIA DEPARTMENT OF EDUCATION

Peninsula Family Service
General Information
For the Year Ended June 30, 2021

Center Name	Peninsula Family Service
Contract Numbers	CCTR-0247 CSPP-0538
Project Number	41-OB629-00-9
Type of Agency	California Nonprofit Public Benefit Corporation
Address	24 2nd Avenue, San Mateo, CA 94401-3828
Name of Chief Executive Officer	Heather Cleary
Telephone Number	(650) 403-4300
Audit Period	July 1, 2020 through June 30, 2021
Number of Operations Days of Agency	246
Scheduled Daily Hours of Operation	Varied

Peninsula Family Service
Combining Statement of Activities
For the Year Ended June 30, 2021

	California Department of Education Programs & Supplemental									
	General Center CCTR-0247	State Preschool CSPP-0538	Early Head Start HB & Admin	Coronavirus Response & Relief Act	San Mateo County QRIS	1ST 5	Big Lift	Other Grants	Other Divisions	Total
Public support and revenue										
Grant income										
Early Head Start	\$ -	\$ -	\$ 1,356,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,356,735
California Department of Education	3,146,669	2,726,676	-	182,411	-	-	-	-	-	6,055,756
Child Care Food Program	101,059	94,019	-	-	-	-	-	-	-	195,078
County of San Mateo	-	-	-	-	180,772	160,000	-	-	1,140,397	1,481,169
National Council on Aging	-	-	-	-	-	-	-	-	1,197,646	1,197,646
Paycheck Protection Program	295,085	274,528	-	-	-	-	-	-	334,789	904,402
Other grants	68,782	63,990	-	-	-	-	370,000	-	108,618	611,390
Pledges and contributions										
Contributions	-	-	-	-	-	-	-	311,992	2,600,972	2,912,964
Contributions - in-kind	321,082	298,713	-	-	-	-	-	-	858,060	1,477,855
Earned income										
Fees - program services	2,492	2,321	-	-	-	-	-	-	725	5,538
Other income										
Interest and dividends	-	-	-	-	-	-	-	-	239,302	239,302
Realized and unrealized gains on investments, net	-	-	-	-	-	-	-	-	473,211	473,211
Other income	-	-	-	-	-	-	-	-	58,177	58,177
Total public support and revenue	<u>3,935,169</u>	<u>3,460,247</u>	<u>1,356,735</u>	<u>182,411</u>	<u>180,772</u>	<u>160,000</u>	<u>370,000</u>	<u>311,992</u>	<u>7,011,897</u>	<u>16,969,223</u>
Expenditures										
Salaries and wages	1,866,447	1,591,866	751,437	134,905	38,324	81,120	222,084	80,728	3,953,770	8,720,681
Employee benefits	764,169	654,716	240,459	47,506	12,264	27,724	77,916	24,869	905,493	2,755,116
Professional & outside services	31,833	29,616	64,496	-	14,400	33,800	40,000	-	192,177	406,322
Supplies	142,974	133,013	51,903	-	115,784	3,835	-	-	27,145	474,654
Refreshment & program food	149,784	139,349	1,141	-	-	-	-	-	67,519	357,793
Telephone & internet	21,625	20,118	12,682	-	-	-	-	-	43,245	97,670
Postage, delivery & printing	1,112	1,034	412	-	-	-	-	-	7,138	9,696
Occupancy	203,961	189,751	84,346	-	-	-	-	80,908	117,754	676,720
Insurance	20,612	19,176	6,670	-	-	-	-	-	39,062	85,520
IT, software & equipment	83,499	77,681	18,874	-	-	-	-	-	189,356	369,410
Travel	961	893	691	-	-	-	-	-	3,046	5,591
Training and conferences	6,225	5,791	24,328	-	-	-	-	-	9,366	45,710
Public relations	(10,568)	(9,832)	-	-	-	-	-	90,710	174,576	244,886
Miscellaneous expense	4,541	4,226	52	-	-	-	-	-	145,848	154,667
In-kind expense	321,082	298,713	-	-	-	-	-	-	858,060	1,477,855
Depreciation	27,384	25,476	-	-	-	-	-	34,777	282,972	370,609
Sub-total before allocation of administrative and support expenditures	<u>3,635,641</u>	<u>3,181,587</u>	<u>1,257,491</u>	<u>182,411</u>	<u>180,772</u>	<u>146,479</u>	<u>340,000</u>	<u>311,992</u>	<u>7,016,527</u>	<u>16,252,900</u>
Allocation of administrative and support expenditures	<u>354,337</u>	<u>329,651</u>	<u>99,244</u>	<u>-</u>	<u>-</u>	<u>13,521</u>	<u>30,000</u>	<u>-</u>	<u>(826,753)</u>	<u>-</u>
Total expenditures	<u>3,989,978</u>	<u>3,511,238</u>	<u>1,356,735</u>	<u>182,411</u>	<u>180,772</u>	<u>160,000</u>	<u>370,000</u>	<u>311,992</u>	<u>6,189,774</u>	<u>16,252,900</u>
Change in net assets	\$ (54,809)	\$ (50,991)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 822,123	\$ 716,323

Peninsula Family Service
Combining Schedule of Renovation and Repair Expenditures
For the Year Ended June 30, 2021

	<u>General Center CCTR-0247</u>	<u>State Preschool CSPP-0538</u>	<u>Total</u>
Unit cost under \$10,000			
None	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>
Unit cost over \$10,000 (with CDE Approval)			
None	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Unit cost over \$10,000 (without CDE Approval)			
None	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Peninsula Family Service
Combining Schedule of Equipment Expenditures
For the Year Ended June 30, 2021

	<u>General Center CCTR-0247</u>	<u>State Preschool CSPP-0538</u>	<u>Total</u>
Unit cost under \$10,000			
None	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>
Unit cost over \$10,000 (with CDE Approval)			
None	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Unit cost over \$10,000 (without CDE Approval)			
None	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Peninsula Family Service
Combining Schedule of Administrative Costs
For the Year Ended June 30, 2021

	General Center <u>CCTR-0247</u>	State Preschool <u>CSPP-0538</u>	<u>Total</u>
Salaries and wages	\$ 251,056	\$ 233,565	\$ 484,621
Payroll taxes	19,396	18,045	37,441
Employee benefits	43,222	40,211	83,433
Professional fees and outside services	9,556	8,890	18,446
Supplies	3,608	3,357	6,965
Refreshment and program food	376	349	725
Telephone and internet	2,168	2,017	4,185
Postage, delivery and printing	103	96	199
Occupancy	4,080	3,796	7,876
Insurance	1,148	1,068	2,216
IT, software and equipment	14,722	13,697	28,419
Travel	563	524	1,087
Conference and training	2,019	1,879	3,898
Public relations	207	192	399
Miscellaneous	<u>2,113</u>	<u>1,965</u>	<u>4,078</u>
	<u>\$ 354,337</u>	<u>\$ 329,651</u>	<u>\$ 683,988</u>

Peninsula Family Service
Combining Schedule of Expenditures by State Categories
For the Year Ended June 30, 2021

	<u>General Center</u> <u>CCTR-0247</u>	<u>State Preschool</u> <u>CSPP-0538</u>	<u>Total</u>
Direct payments to providers			
1000 Certificated salaries	1,418,500	1,209,818	2,628,318
2000 Classified salaries	447,947	382,048	829,995
3000 Employee benefits	764,169	654,716	1,418,885
4000 Books and supplies	142,974	133,013	275,987
5000 Services and other operating expenses	<u>1,189,004</u>	<u>1,106,167</u>	<u>2,295,171</u>
	<u>3,962,594</u>	<u>3,485,762</u>	<u>7,448,356</u>
Other			
Depreciation or use allowance	<u>27,384</u>	<u>25,476</u>	<u>52,860</u>
	<u>27,384</u>	<u>25,476</u>	<u>52,860</u>
Total expenditures by state categories	3,989,978	3,511,238	7,501,216
Supplemental expenses	<u>1,716,149</u>	<u>845,762</u>	<u>2,561,911</u>
Total of reimbursable and non-reimbursable expenditures	<u><u>\$ 5,706,127</u></u>	<u><u>\$ 4,357,000</u></u>	<u><u>\$ 10,063,127</u></u>

California Department of Social Services
Audited Attendance and Fiscal Report
for Child Development Programs with
Early Childhood Mental Health Consultation Services

A U D 9500MHCS v2 Page 1 of 12

Fiscal Year Ending

Contract Number

Vendor Code

Full Name of Contractor

Section 1 - Days of Enrollment Certified Children in Classrooms with Mental Health Consultation Services Recipient(s)

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus					
Infants (up to 18 months) Full-time					
Infants (up to 18 months) Three-quarters-time					
Infants (up to 18 months) One-half-time					
Toddlers (18 up to 36 months) Full-time-plus					
Toddlers (18 up to 36 months) Full-time					
Toddlers (18 up to 36 months) Three-quarters-time					
Toddlers (18 up to 36 months) One-half-time					
Three Years and Older Full-time-plus					
Three Years and Older Full-time					
Three Years and Older Three-quarters-time					
Three Years and Older One-half-time					
Exceptional Needs Full-time-plus					
Exceptional Needs Full-time					
Exceptional Needs Three-quarters-time					
Exceptional Needs One-half-time					

Full Name of Contractor

Section 1 - Days of Enrollment Certified Children in Classrooms with Mental Health Consultation Services Recipient(s) (continued)

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus					
Limited and Non-English Proficient Full-time					
Limited and Non-English Proficient Three-quarters-time					
Limited and Non-English Proficient One-half-time					
At Risk of Abuse or Neglect Full-time-plus					
At Risk of Abuse or Neglect Full-time					
At Risk of Abuse or Neglect Three-quarters-time					
At Risk of Abuse or Neglect One-half-time					
Severely Disabled Full-time-plus					
Severely Disabled Full-time					
Severely Disabled Three-quarters-time					
Severely Disabled One-half-time					
TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES RECIPIENT(S)				N/A	
DAYS OF OPERATION				N/A	N/A
DAYS OF ATTENDANCE				N/A	N/A

☐ NO MENTAL HEALTH CONSULTATION SERVICES RECIPIENT NON-CERTIFIED CHILDREN

Check this box (omit page 3-4) and continue to Certified Children Section on page 5.

Full Name of Contractor

Section 2 - Days of Enrollment Non-Certified Children in Classrooms with Mental Health Consultation Services Recipient(s)

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.9292	
Infants (up to 18 months) Full-time				2.4900	
Infants (up to 18 months) Three-quarters-time				1.8800	
Infants (up to 18 months) One-half-time				1.3920	
Toddlers (18 up to 36 months) Full-time-plus				2.1740	
Toddlers (18 up to 36 months) Full-time				1.8500	
Toddlers (18 up to 36 months) Three-quarters-time				1.4000	
Toddlers (18 up to 36 months) One-half-time				1.0400	
Three Years and Older Full-time-plus				1.2300	
Three Years and Older Full-time				1.0500	
Three Years and Older Three-quarters-time				0.8000	
Three Years and Older One-half-time				0.6000	
Exceptional Needs Full-time-plus				1.8672	
Exceptional Needs Full-time				1.5900	
Exceptional Needs Three-quarters-time				1.2050	
Exceptional Needs One-half-time				0.8970	

Full Name of Contractor

Section 2 - Days of Enrollment Non-Certified Children in Classrooms with Mental Health Consultation Services Recipient(s)
(continued)

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.3480	
Limited and Non-English Proficient Full-time				1.1500	
Limited and Non-English Proficient Three-quarters-time				0.8750	
Limited and Non-English Proficient One-half-time				0.6550	
At Risk of Abuse or Neglect Full-time-plus				1.3480	
At Risk of Abuse or Neglect Full-time				1.1500	
At Risk of Abuse or Neglect Three-quarters-time				0.8750	
At Risk of Abuse or Neglect One-half-time				0.6550	
Severely Disabled Full-time-plus				2.3274	
Severely Disabled Full-time				1.9800	
Severely Disabled Three-quarters-time				1.4975	
Severely Disabled One-half-time				1.1115	
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES RECIPIENT(S)				N/A	

Full Name of Contractor

Section 3 - Days of Enrollment Certified Children

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	
Infants (up to 18 months) Full-time				2.4400	
Infants (up to 18 months) Three-quarters-time				1.8300	
Infants (up to 18 months) One-half-time				1.3420	
Toddlers (18 up to 36 months) Full-time-plus				2.1240	
Toddlers (18 up to 36 months) Full-time				1.8000	
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	
Toddlers (18 up to 36 months) One-half-time				0.9900	
Three Years and Older Full-time-plus				1.1800	
Three Years and Older Full-time				1.0000	
Three Years and Older Three-quarters-time				0.7500	
Three Years and Older One-half-time				0.5500	
Exceptional Needs Full-time-plus				1.8172	
Exceptional Needs Full-time				1.5400	
Exceptional Needs Three-quarters-time				1.1550	
Exceptional Needs One-half-time				0.8470	

Full Name of Contractor

Section 3 - Days of Enrollment Certified Children (continued)

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	
Limited and Non-English Proficient Full-time				1.1000	
Limited and Non-English Proficient Three-quarters-time				0.8250	
Limited and Non-English Proficient One-half-time				0.6050	
At Risk of Abuse or Neglect Full-time-plus				1.2980	
At Risk of Abuse or Neglect Full-time				1.1000	
At Risk of Abuse or Neglect Three-quarters-time				0.8250	
At Risk of Abuse or Neglect One-half-time				0.6050	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled Three-quarters-time				1.4475	
Severely Disabled One-half-time				1.0615	
TOTAL CERTIFIED DAYS OF ENROLLMENT				N/A	
DAYS OF OPERATION				N/A	N/A
DAYS OF ATTENDANCE				N/A	N/A

☐ NO NON-CERTIFIED CHILDREN Check this box (omit pages 7-8) and continue to Revenue Section on page 9.

Full Name of Contractor

Section 4 - Days of Enrollment Non-Certified Children

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	
Infants (up to 18 months) Full-time				2.4400	
Infants (up to 18 months) Three-quarters-time				1.8300	
Infants (up to 18 months) One-half-time				1.3420	
Toddlers (18 up to 36 months) Full-time-plus				2.1240	
Toddlers (18 up to 36 months) Full-time				1.8000	
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	
Toddlers (18 up to 36 months) One-half-time				0.9900	
Three Years and Older Full-time-plus				1.1800	
Three Years and Older Full-time				1.0000	
Three Years and Older Three-quarters-time				0.7500	
Three Years and Older One-half-time				0.5500	
Exceptional Needs Full-time-plus				1.8172	
Exceptional Needs Full-time				1.5400	
Exceptional Needs Three-quarters-time				1.1550	
Exceptional Needs One-half-time				0.8470	

Full Name of Contractor

Section 4 - Days of Enrollment Non-Certified Children (continued)

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	
Limited and Non-English Proficient Full-time				1.1000	
Limited and Non-English Proficient Three-quarters-time				0.8250	
Limited and Non-English Proficient One-half-time				0.6050	
At Risk of Abuse or Neglect Full-time-plus				1.2980	
At Risk of Abuse or Neglect Full-time				1.1000	
At Risk of Abuse or Neglect Three-quarters-time				0.8250	
At Risk of Abuse or Neglect One-half-time				0.6050	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled Three-quarters-time				1.4475	
Severely Disabled One-half-time				1.0615	
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT				N/A	

Full Name of Contractor

Section 5 - Revenue

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal			
Transfer From Reserve			
Waived Family Fees for Certified Children (July - August)			
Family Fees Collected for Certified Children (September - June)			
Waived Family Fees for Certified Children (September - June)			
Family Fees (September - June) - Subtotal			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue			

Comments:

Full Name of Contractor

Section 6 - Reimbursable Expenses

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
Total Reimbursable Expenses			
Total Administrative Cost (included in Section 6 above)			
Total Staff Training Cost (included in Section 6 above)			

Approved Indirect Cost Rate:

☐ No SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 11.

Audit Report Page

Full Name of Contractor

Section 7 - Supplemental Revenue

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other:			
Other:			
Total Supplemental Revenue			

Section 8 - Supplemental Expenses

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
Total Supplemental Expenses			

Full Name of Contractor

Section 9 - Summary

	Column A Cumulative CDNFS 9500MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment (including MHCS)			
Days of Operation			
Days of Attendance			
Restricted Program Income			
Transfer from Reserve			
Family Fees for Certified Children (September - June)			
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses			
Total Administrative Cost			
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment Total Non-Certified Adjusted Days of Enrollment

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box):

Reimbursable expenses claimed on page 10 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box):

Include any comments in the comments box on page 9. If necessary, attach additional sheets to explain adjustments.

California Department of Education Audited Attendance and
Fiscal Report for California State Preschool Programs
Early Childhood Mental Health Consultation Services

A U D 8501MHCS Page 1 of 12

Fiscal Year Ending

Contract Number

Vendor Code

Full Name of Contractor

Section 1 - Days of Enrollment Certified Children in Classrooms with Mental Health Consultation Services Recipient(s)

Enrollment Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus					
Three Years and Older Full-time					
Three Years and Older Three-quarters-time					
Three Years and Older One-half-time					
Exceptional Needs Full-time-plus					
Exceptional Needs Full-time					
Exceptional Needs Three-quarters-time					
Exceptional Needs One-half-time					
Limited and Non-English Proficient Full-time-plus					
Limited and Non-English Proficient Full-time					
Limited and Non-English Proficient Three-quarters-time					
Limited and Non-English Proficient One-half-time					

Full Name of Contractor

Section 1 - Days of Enrollment Certified Children in Classrooms with Mental Health Consultation Services Recipient(s) (continued)

Enrollment Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus					
At Risk of Abuse or Neglect Full-time					
At Risk of Abuse or Neglect Three-quarters-time					
At Risk of Abuse or Neglect One-half-time					
Severely Disabled Full-time-plus					
Severely Disabled Full-time					
Severely Disabled Three-quarters-time					
Severely Disabled One-half-time					
TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES RECIPIENT(S)					
DAYS OF OPERATION					
DAYS OF ATTENDANCE					

☐ NO MENTAL HEALTH CONSULTATION SERVICES RECIPIENT NON-CERTIFIED CHILDREN Check this box (omit pages 3 and 4) and continue to Certified Children Section on page 5.

Full Name of Contractor

Section 2 - Days of Enrollment Non-Certified Children in Classrooms with Mental Health Consultation Services Recipient(s)

Enrollment Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus					
Toddlers (18 up to 36 months) Full-time					
Toddlers (18 up to 36 months) Three-quarters-time					
Toddlers (18 up to 36 months) One-half-time					
Three Years and Older Full-time-plus					
Three Years and Older Full-time					
Three Years and Older Three-quarters-time					
Three Years and Older One-half-time					
Exceptional Needs Full-time-plus					
Exceptional Needs Full-time					
Exceptional Needs Three-quarters-time					
Exceptional Needs One-half-time					

Full Name of Contractor

Section 2 - Days of Enrollment Non-Certified Children in Classrooms with Mental Health Consultation Services Recipient(s)
(continued)

Enrollment Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus					
Limited and Non-English Proficient Full-time					
Limited and Non-English Proficient Three-quarters-time					
Limited and Non-English Proficient One-half-time					
At Risk of Abuse or Neglect Full-time-plus					
At Risk of Abuse or Neglect Full-time					
At Risk of Abuse or Neglect Three-quarters-time					
At Risk of Abuse or Neglect One-half-time					
Severely Disabled Full-time-plus				2.3274	
Severely Disabled Full-time				1.9800	
Severely Disabled Three-quarters-time				1.4975	
Severely Disabled One-half-time				1.2452	
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES RECIPIENT(S)				N/A	

Full Name of Contractor

Section 3 - Days of Enrollment Certified Children

Enrollment Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus					
Three Years and Older Full-time					
Three Years and Older Three-quarters-time					
Three Years and Older One-half-time					
Exceptional Needs Full-time-plus					
Exceptional Needs Full-time					
Exceptional Needs Three-quarters-time					
Exceptional Needs One-half-time					
Limited and Non-English Proficient Full-time-plus					
Limited and Non-English Proficient Full-time					
Limited and Non-English Proficient Three-quarters-time					
Limited and Non-English Proficient One-half-time					

Full Name of Contractor

Section 3 - Days of Enrollment Certified Children (continued)

Enrollment Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus					
At Risk of Abuse or Neglect Full-time					
At Risk of Abuse or Neglect Three-quarters-time					
At Risk of Abuse or Neglect One-half-time					
Severely Disabled Full-time-plus					
Severely Disabled Full-time					
Severely Disabled Three-quarters-time					
Severely Disabled One-half-time					
TOTAL DAYS OF ENROLLMENT					
DAYS OF OPERATION					
DAYS OF ATTENDANCE					

☐ NO NON-CERTIFIED CHILDREN Check this box (omit pages 7 and 8) and continue to Revenue Section on page 9.

Full Name of Contractor

Section 4 - Days of Enrollment Non-Certified Children

Enrollment Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus					
Toddlers (18 up to 36 months) Full-time					
Toddlers (18 up to 36 months) Three-quarters-time					
Toddlers (18 up to 36 months) One-half-time					
Three Years and Older Full-time-plus					
Three Years and Older Full-time					
Three Years and Older Three-quarters-time					
Three Years and Older One-half-time					
Exceptional Needs Full-time-plus					
Exceptional Needs Full-time				1.5400	
Exceptional Needs Three-quarters-time					
Exceptional Needs One-half-time					

Full Name of Contractor

Section 4 - Days of Enrollment Non-Certified Children (continued)

Enrollment Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus					
Limited and Non-English Proficient Full-time					
Limited and Non-English Proficient Three-quarters-time					
Limited and Non-English Proficient One-half-time					
At Risk of Abuse or Neglect Full-time-plus					
At Risk of Abuse or Neglect Full-time					
At Risk of Abuse or Neglect Three-quarters-time					
At Risk of Abuse or Neglect One-half-time					
Severely Disabled Full-time-plus					
Severely Disabled Full-time					
Severely Disabled Three-quarters-time					
Severely Disabled One-half-time					
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT					

Full Name of Contractor

Section 5 - Revenue

Revenue Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal			
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Waived Family Fees for Certified Children (July - August)			
Family Fees Collected for Certified Children (September - June)			
Waived Family Fees for Certified Children (September - June)			
Family Fees (September - June) - Subtotal			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
TOTAL REVENUE			

Comments:

Full Name of Contractor

Section 6 - Reimbursable Expenses

Reimbursable Expenses Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
Total Reimbursable Expenses			
Total Administrative Cost (included in Section 6 above)			
Total Staff Training Cost (included in Section 6 above)			

Approved Indirect Cost Rate:

☐ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 11.

Full Name of Contractor

Section 7 - Supplemental Revenue

Supplemental Revenue Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other:			
Other:			
Total Supplemental Revenue			

Section 8 - Supplemental Expenses

Supplemental Expense Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
Total Supplemental Expenses			

Full Name of Contractor

Section 9 - Summary

Summary Category	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment (including MHCS)			
Days of Operation			
Days of Attendance (including MHCS)			
Restricted Program Income			
Transfer from Reserve			
Family Fees for Certified Children (September - June)			
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses			
Total Administrative Cost			
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment Total Non-Certified Adjusted Days of Enrollment

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box):

Reimbursable expenses claimed on page 10 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box):

Include any comments in the comments box on page 9. If necessary, attach additional sheets to explain adjustments.