

NORTH MARIN COMMUNITY SERVICES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Marin Community Services
Novato, California

Report on the Financial Statements

We have audited the accompanying financial statements of North Marin Community Services (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Marin Community Services as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information in pages 17 through 54 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in conformity with the *CDE Audit Guide* issued by the California Department of Education; and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic 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 September 26, 2018, on our consideration of North Marin Community Services 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 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 North Marin Community Services internal control over financial reporting and compliance.

Goranson and Associates, Inc.

September 26, 2018
Santa Rosa, CA

NORTH MARIN COMMUNITY SERVICES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	Without donor restriction	With donor restriciton	Total
ASSETS			
Cash	\$ 395,477	\$ 467,305	\$ 862,782
Receivables and prepaid expenses	163,942	11,922	175,864
Unemployment Trust Reserve	68,909	-	68,909
Investments	3,520,768	-	3,520,768
Property and equipment, net	556,870	-	556,870
Government-owned assets	-	115,993	115,993
Total assets	\$ 4,705,966	\$ 595,220	5,301,186
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts payable and accrued expenses	\$ 108,441		\$ 108,441
Accrued personal time off	106,339		106,339
Deferred revenue	28,205		28,205
Unemployment Trust Reserve	68,909		68,909
Note payable	26,748		26,748
In lieu fee payable	35,000		35,000
Total liabilities	373,642		373,642
NET ASSETS:			
Without donor restriction:			
Board-designated:			
Investment fund	3,520,768		3,520,768
Total designated funds	3,520,768		3,520,768
Undesignated funds	811,556		811,556
Total unrestricted net assets	4,332,324		4,332,324
Government-owned assets	-	\$ 115,993	115,993
With donor restriction	-	479,227	479,227
Total net assets	4,332,324	595,220	4,927,544
Total liabilities and net assets	\$ 4,705,966	\$ 595,220	5,301,186

The accompanying notes are an integral part of these financial statements

NORTH MARIN COMMUNITY SERVICES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Without donor restriction	With donor restriciton	Total
SUPPORT:			
Grants	\$ 348,306	\$ 252,423	\$ 600,729
Contributions	131,301	58,961	190,262
In-kind contributions	152,394	-	152,394
Total support	632,001	311,384	943,385
REVENUE:			
Program service fees	791,965	-	791,965
State apportionments	379,185	-	379,185
Contracts	364,647		364,647
Gain on sale of investments	37,227	-	37,227
Unrealized gain (loss) on investments	62,709	-	62,709
Investment income	67,943	-	67,943
Special events & fundraising	38,409	53,061	91,470
Rental & other income	106,141	-	106,141
Total revenue	1,848,226	53,061	1,901,287
Net assets released from restrictions	574,991	(574,991)	-
Total support and revenue	3,055,218	(210,546)	2,844,672
EXPENSES:			
Program Services:			
Child Development	1,212,677		1,212,677
Health & Wellness	375,121		375,121
Family & Community Eng	716,852		716,852
Total program expenses	2,304,650		2,304,650
Support Services:			
General administration & plant	697,393		697,393
Fund development	133,969		133,969
Total support services	831,362		831,362
Total expenses	3,136,012		3,136,012
CHANGE IN OPERATING NET ASSETS	(80,794)		(291,340)
OTHER INCOME			
Goodwill income	1,433,887	120,514	1,554,401
CHANGE IN NET ASSETS	1,353,093	(90,032)	1,263,061
Net Assets, beginning of year	2,979,231	685,252	3,664,483
Net Assets, end of the year	\$ 4,332,324	\$ 595,220	\$ 4,927,544

The accompanying notes are an integral part of these financial statements

NORTH MARIN COMMUNITY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES				SUPPORTING SERVICES			
	Child Development	Health & Wellness	Family & Community Engagement	Total Programs	General Admin & Plant	Fund Development	Total Support	Total
Salaries	\$ 768,601	\$ 245,436	\$ 324,967	\$ 1,339,004	\$ 366,976	\$ 81,550	\$ 448,526	\$ 1,787,530
Payroll taxes	60,040	20,631	25,163	105,834	26,052	6,222	32,274	138,108
Employee benefits	74,306	11,682	20,297	106,285	39,150	1,353	40,503	146,788
Professional Services	35,636	21,578	26,977	84,191	171,835	19,696	191,531	275,722
Computer & Tech Support	21,395	7,316	12,384	41,095	21,466	2,152	23,618	64,713
Repairs and Maintenance	13,340	4,725	4,725	22,790	3,613	1,390	5,003	27,793
Insurance	25,057	8,874	8,874	42,805	6,786	2,610	9,396	52,201
Occupancy	24,856	8,803	8,803	42,462	6,732	2,589	9,321	51,783
Telephone	8,354	2,813	2,584	13,751	1,964	473	2,437	16,188
Postage & Printing	9,370	4,617	3,611	17,598	1,852	7,212	9,064	26,662
Supplies	24,796	3,941	6,447	35,184	7,573	789	8,362	43,546
Food Supplies	45,441	3,109	6,192	54,742	1,661	742	2,403	57,145
Travel & Transportation	21,636	1,443	5,856	28,935	1,499	134	1,633	30,568
Advertising & Marketing	2,893	2,162	884	5,939	993	50	1,043	6,982
Equipment & Rental	5,418	2,827	1,919	10,164	1,467	1,100	2,567	12,731
Dues & Fees, Subscriptions	14,557	733	1,254	16,544	16,747	22	16,769	33,313
Direct Client Assistance	-	-	229,539	229,539	-	-	-	229,539
Other Operating Expenses	3,530	5,500	7,445	16,475	6,551	317	6,868	23,343
Subtotal	<u>1,159,226</u>	<u>356,190</u>	<u>697,921</u>	<u>2,213,337</u>	<u>682,917</u>	<u>128,401</u>	<u>811,318</u>	<u>3,024,655</u>
Depreciation	53,451	18,931	18,931	91,313	14,476	5,568	20,044	111,357
Total expenses	<u>\$ 1,212,677</u>	<u>\$ 375,121</u>	<u>\$ 716,852</u>	<u>\$ 2,304,650</u>	<u>\$ 697,393</u>	<u>\$ 133,969</u>	<u>\$ 831,362</u>	<u>\$ 3,136,012</u>

The accompanying notes are an integral part of these financial statements

NORTH MARIN COMMUNITY SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (291,340)
Adjustment to reconcile decrease in net assets to net cash provided by operations:	
Depreciation	111,357
Gain on sale of investments	(37,227)
Unrealized gain on investments	(62,709)
Decrease in receivables and prepaids	(38,813)
Increase in:	
Accounts payable and accruals	65,300
Deferred revenue	23,543
Cash used by operating activities	<u>(229,889)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from acquisition	1,554,401
Proceeds from sale of investment	776,298
Purchase of investments	(1,774,016)
Purchase of fixed assets	(344,151)
Cash provided by investing activities	<u>212,532</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on long term note payable	<u>(5,949)</u>
NET DECREASE IN CASH	(23,306)
CASH, BEGINNING OF THE YEAR	<u>886,088</u>
CASH, END OF THE YEAR	<u>\$ 862,782</u>

The accompanying notes are an integral part of these financial statements

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 ORGANIZATION

North Marin Community Services (Center) was incorporated in 1976 as a nonprofit corporation under the laws of the State of California to provide services to youth, adults and families primarily in northern Marin County, California. The Center's former name was Novato Youth Center, and through a merger with Novato Human Needs Center this year, it renamed to North Marin Community Services on January 1, 2018. These organizations each had a 45-year history of serving in-need populations and now, stronger together, they provide more depth and breadth of services to their clients. The Center's mission is to empower youth, adults and families in our diverse community to achieve well-being, growth and success; the vision is a strong community with opportunities for all. Through the merger, the Center grew to now serving 5,537 people annually through a multi-generational continuum of services, from infants to seniors, offered in their two locations in Novato (680 Wilson Ave, 1907 Novato Blvd), on Novato Unified School District campuses, at the Novato Teen Clinic (a partnership with Marin Community Clinics), and in the community. The Center is a comprehensive human service organization that provides educational, enrichment and support services through three program areas: Child Development, Health and Wellness, and Family and Community Engagement. The Center continuously strives to improve the effectiveness of their programs. The Center evaluates these programs throughout the year, gathering qualitative and quantitative data and analyzing that data against both process and outcome measures. In striving for continuous improvement, the Center sets yearly goals that coincide with their three-year strategic plan and participates in external evaluations when requested. The Center also listens to the feedback of those they serve and who are affected by the programs, and regularly administers satisfaction surveys.

The Center is funded from diverse sources including program fees, government grants and contracts, foundations grants and donor-advised funds, and individual, business and service club donations. Through the Center, even more children, adults and families in-need have the supports they need to be successful at home, at school and in life - lighting a pathway for brighter futures.

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Center reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Center to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

Net assets released from donor restriction – Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Other Basis of Presentation Policies – Revenues or support are reported as increases in unrestricted net assets unless subject to donor-imposed restrictions. If temporary restrictions are fulfilled in the same time period the revenue or support is received, the Center reports the revenue or support as unrestricted. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents – Cash equivalents consist primarily of money market accounts and other investments with an original maturity of 90 days or less. The Center maintains its cash balances in one finance institution. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2018, the Center’s uninsured cash balances total \$703,201.

Investments – Investments are made up of pooled expendable funds held by Marin Community Foundation, stocks, mutual funds, treasury funds and certificates of deposits and are reported at their fair values in the statement of financial position. The fair value of the equities securities are based upon quoted prices in active markets (Level 1 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statement of activities as net realized and unrealized gains on investments.

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measures – The Center reports its fair value measures by using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the hierarchy gives the highest ranking fair values determined by quoted prices for similar assets or liabilities in an active market (Level 2) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

The three levels of the fair value hierarchy under GAAP are:

Level 1 – Unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices for valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (inputs are supported by little or no market activity).

Unemployment Insurance Trust – The Center is self-insured for their unemployment claims. A third-party administrator maintains the account. The Center pays into the account quarterly and unemployment claims are paid from the account. The cash is available to the Center at any time.

Accounts and Grants Receivable – Accounts and grants receivable are made up of family fees, contract income, grant income and other program fees due to the Center. The Center considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts do become uncollectible, they are charged to operations when the determination is made.

Property and equipment – The Center records purchased property and equipment at cost and donated fixed assets are recorded at fair value at the date received. Assets purchased with government grant or contract funds are subject to certain restrictions for which depreciation may not be claimed against child development contracts. Assets purchased with government funds remain the property of the government for the life of the asset. The Center holds these assets in trust for the government and, therefore, the assets have been recorded on the statement of financial position. Purchases of those assets are recorded as expenses of the appropriate government program. Assets purchased with non-governmental funds are depreciated using the straight-line method over their estimated useful lives of the respective assets. Estimated useful lives range from, three to forty years.

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred revenue – Deferred revenue is made up of monies received in advance of the revenues being earned for program fees.

Income Taxes – The Center is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Center is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Center considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Center’s status as a not-for-profit entity. Management believes the Center met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax; therefore no provision for income taxes has been provided in these financial statements. The Center’s tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Allocation Methodology – The Center allocates its expenses on a functional basis among its’ various programs, administrative, and fundraising functions. Expenses that can be identified to a specific program, administrative, or fundraising function are directly recorded to the appropriate function. Expenses that are common to more than one function are recorded to a shared cost pool, and then are allocated to the related functions based on full-time equivalents (FTE) as part of the month end close.

Personnel costs are posted both directly and as part of the shared cost pool and are allocated based on FTE’s. Shared common costs are usually more fixed and less controllable than direct costs. They are less specific to each area but are related to the Center function as a whole. Some examples of shared costs are copier usage, utilities, telephone, consultant fees, general liability insurance, janitorial, general printing costs, office supplies.

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Allocation Methodology, continued – A shared cost pool worksheet is maintained to calculate an allocation ratio based on both FTE and direct personnel costs for all employees by function. This is approved by the CEO twice a year and presented to the auditors at year end.

Donated Services and Items – Many people have contributed significant amounts of time to the activities of the Center without compensation. The financial statements do not reflect the value of those contributed services and items because, although clearly substantial, no reliable basis exists for determining an appropriate valuation.

NOTE 3 LIQUIDITY

The following reflects the Center’s financial assets as of June 30, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. To manage the liquidity needs of the Center, the Center maintains a financial asset balance large enough to carry operations and emergency cash flow needs for one year. Investments are managed under an investment fund policy with a spending rule to support operations, deferred maintenance, IT/IS, and long-term sustainability.

Financial assets at year end	
Cash and cash equivalents	\$ 862,782
Accounts receivables	175,864
Investments	3,520,768
Total financial assets	4,559,414
Less those unavailable for general expenditures within one year due to:	
Donor restricted funds (by time or purpose)	(595,220)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,964,194

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 FAIR VALUE MEASUREMENTS AND INVESTMENTS

The following table presents the assets and liabilities recognized in the accompanying statements of financial position that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which those fair value measurements fall at June 30, 2018:

	Level 1	Level 2	Total
Equity Securities:	\$ 108,630		\$ 108,630
Bond Funds	618,747		618,747
Equity Funds	384,752		384,752
Pooled investments	-	\$ 1,099,375	1,099,375
Exchange Traded funds	1,291,896	-	1,291,896
Cash	17,368	-	17,368
Total	<u>\$ 2,421,393</u>	<u>\$ 1,099,375</u>	<u>\$ 3,520,768</u>

Investment earnings are as follows for the year ended June 30, 2018:

Interest and dividend income	\$ 67,943
Net realized gains (losses)	37,227
Net unrealized gains (losses)	62,709
Total investment return	<u>\$ 167,879</u>

NOTE 5 PLANT AND EQUIPMENT

At June 30, 2018 the fixed assets account group consisted of:

	Agency Owned	Government Owned
Land and improvements	\$ 479,467	
Buildings and improvements	2,975,172	\$ 115,993
Annex	29,986	-
Vehicle	282,687	-
Equipment	152,366	-
Furniture and fixtures	149,737	-
	<u>4,069,415</u>	<u>115,993</u>
Accumulated depreciation	<u>(3,512,545)</u>	-
Net plant and equipment	<u>\$ 556,870</u>	<u>\$ 115,993</u>

NORTH MARIN COMMUNITY SERVICES
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 6 ACCUMULATED PAID TIME OFF

Accumulated unpaid personal time off benefits are recognized as liabilities of the Center. The value of accumulated personal time off at June 30, 2018 is \$106,339.

NOTE 7 LINE OF CREDIT

The Center has a line of credit with a bank, which provides for total borrowings of \$150,000. The note is collateralized by substantially all of the Center's assets. The note bears interest at the prime rate (5 percent per annum at June 30, 2018) plus an additional 0.5% per annum. Interest payments on the outstanding principal balance are due monthly. All outstanding principal and accrued interest is due at maturity. The line of credit matures December 15, 2018. The Center had no borrowings under the line as of June 30, 2018.

NOTE 8 IN LIEU FEE PAYABLE

As part of its 1988 property improvements, the Center entered into an agreement with the City of Novato for an "in lieu fee" of \$35,000 for the cost of moving the electric, telephone and cable television utilities underground fronting the Center property. The entire amount, plus annually compounded cost of living increases, is due upon sale of the property. The agreement is secured by a lien against the property.

NOTE 9 NOTE PAYABLE

The Center purchased a vehicle during fiscal year ending June 30, 2017 under a note payable to a bank with an initial principal of \$35,253. Monthly payments of \$667 include principal and interest at 5 percent, beginning February 2017, and maturing January 2022. The balance at June 30, 2018 is \$26,191.

Future principal maturities on the notes for years ending on June 30 are as follows:

2019	\$ 6,845
2020	7,193
2021	7,569
2022	<u>8,141</u>
Total	\$ <u>29,748</u>

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 IN-KIND DONATIONS

The Center receives in-kind donations in the form of food contributions. The donor valued the food at \$152,394 retail value for the year ended June 30, 2018.

NOTE 11 NET ASSETS WITH DONOR RESTRICTION

At June 30, 2018, the Center's net assets with donor restriction consisted of the following program-restricted grants and contributions:

Operating funds	\$ 233,640
Child Development	151,363
Health and wellness	61,860
Family and community engagement	<u>32,364</u>
Total cash	<u>479,227</u>
Government owned assets	<u>115,993</u>
Total net assets with donor restriction	<u>\$ 595,220</u>

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 12 BUSINESS COMBINATION AND GOODWILL INCOME

On January 1, 2018, the Center completed an acquisition of Novato Human Needs Center (NHNC). Both the Center and NHNC provide family services to the northern Marin community. Through the merger, the organizations seek to further the opportunity to serve their clientele. The combination resulted in the goodwill amount of \$1,554,401. The assets, liabilities and net assets listed below were combined with the Center as of the date of the merger:

Assets		
Cash	\$	254,563
Investments		1,096,835
Grants & donations receivable		83,398
Other receivables		20,833
PPE (net)		260,607
Total assets	\$	<u>1,716,236</u>
Liabilities		
Accrued expenses	\$	104,316
Deferred revenue		178,032
Total liabilities		<u>282,348</u>
Net assets		<u>1,433,887</u>
Total liabilities & net assets	\$	<u>1,716,235</u>

NOTE 13 EMPLOYEE BENEFIT PLAN

The Center has a defined contribution plan open to all employees. Under the plan, the Center could contribute up to a five percent match to employees upon commencement of qualifying employment and vesting is after two years. Qualifying employment is defined as more than 1,040 hours per year. The discretionary contribution is a board decision made as part of the budget process. In the year ended June 30, 2018, the Center did not contribute to the plan.

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 14 CONTINGENCIES

The Center receives support from the state government equal to fourteen percent of total revenue. A significant reduction in the level of this support, if this were to occur, may have an effect on the Center's programs.

The Center received several grants through the County of Marin Community Development Block Grant program for expenditures relating to its building. The County has placed a lien on the building for the greater of \$534,000 or 67 percent of any net proceeds from the sale or the conveyance of the property. As long as the Center is used for its exempt purpose, there is no impact on the lien. Should the Center discontinue operations or use the building for another purpose, the lien would be enforced, and the County would demand payment.

Conditions contained within the various contracts awarded to the Center are subject to the funding agencies' criteria and regulations under which expenditures may be charged against and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not apply with the established criteria governing them. In such cases, the Center could be held responsible for repayments to the funding agency for the costs or be subject to reductions of future funding in the amount of such costs. Management does not anticipate any material questioned costs for the contracts and grants administered through the year ended June 30, 2018.

NOTE 15 CHANGE IN ACCOUNTING PRINCIPLE

The Center has adopted ASU 2014-06 effecting a change in the presentation of the financial statement, using new terminology and including additional footnote disclosures.

NOTE 16 SUBSEQUENT EVENTS

The Center has evaluated subsequent events through September 26, 2018, the date the financial statements were available to be issued and determined that there were no events occurring subsequent to June 30, 2018 that would have a material impact on the Center's results of operations or financial position.

SUPPLEMENTAL INFORMATION

NORTH MARIN COMMUNITY SERVICES
SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

GRANTOR	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	AWARD AMOUNT			EXPENDITURES	
			FEDERAL	STATE	TOTAL	FEDERAL	STATE
U.S. Department of Agriculture							
<i>Passed through the California Department of Education:</i>							
Child Care Food Program	10.558	2T-T266-00	36,721		\$ 36,721	36,721	
U.S. Department of Health and Human Services:							
<i>Passed through the California Department of Education:</i>							
Child Development Programs	93.575/93.596	CCTR-7141	84,496	\$ 143,549	228,045	84,496	\$ 659,642
Child Development Programs	93.575/93.596	CSPP-7286	4,654	27,705	32,359	4,654	237,616
			<u>125,871</u>	<u>171,254</u>	<u>297,125</u>	<u>125,871</u>	<u>897,258</u>
Child Development Programs	(a)	CCTR-7138	-	80,875	80,875	-	76,545
U.S. Department of Housing and Urban Development							
<i>Passed through the County of Marin</i>							
Community Development Block Grant	14.218	N/A	15,000	-	15,000	15,000	-
Total Federal and State			<u>\$ 140,871</u>	<u>\$ 252,129</u>	<u>\$ 393,000</u>	<u>\$ 140,871</u>	<u>\$ 973,803</u>

(a) Novato Youth Center operated this contract for Community Action Marin, which has a direct contract with CDE.

See notes to supplemental information

NORTH MARIN COMMUNITY SERVICES
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>CCTR-7141</u>	<u>CSPP-7286</u>	<u>Subcontract CCTR-7138</u>	<u>Total CDE Contracts</u>	<u>Non-CDE Programs</u>	<u>Total</u>
Revenue and Support:						
Government contracts:						
Childcare programs	\$ 228,045	\$ 33,544	\$ 80,875	\$ 342,464		\$ 342,464
Childcare food program	<u>28,486</u>	<u>5,426</u>	<u>2,809</u>	<u>36,721</u>		<u>36,721</u>
Total Government Contracts	256,531	38,970	83,684	379,185		379,185
Other revenue and support:						
Family fees - certified children	26,578	1,133	2,918	30,629		30,629
Family fees - non-certified children	289,001	262,326	200,713	752,040	\$ 9,296	761,336
Grants and United Way	-	-	-	-	681,430	681,430
Contributions	-	-	-	-	342,646	342,646
Contracts	-	-	-	-	283,772	283,772
Special Events and fundraising	-	-	-	-	91,470	91,470
Investment income	-	-	-	-	67,943	67,943
Gain on sale of investments	-	-	-	-	37,227	37,227
Unrealized gain on investments	-	-	-	-	62,709	62,709
Other revenue	-	-	-	-	1,554,575	1,554,575
Total revenue and support	<u>572,110</u>	<u>302,429</u>	<u>287,315</u>	<u>1,161,854</u>	<u>3,131,068</u>	<u>4,292,922</u>
Expenses:						
Salaries	544,731	212,611	60,615	817,957	969,573	1,787,530
Taxes and benefits	72,421	34,020	5,942	112,383	172,515	284,898
Instructional materials and supplies	48,584	5,831	3,479	57,894	83,091	140,985
Repairs and maintenance	-	-	-	-	27,793	27,793
Travel and conferences	-	-	-	-	30,569	30,569
Insurance	-	-	-	-	52,201	52,201
Other operating services/expenses	42,818	7,285	3,317	53,420	647,250	700,670
Depreciation expense	<u>35,584</u>	<u>10,228</u>	<u>3,192</u>	<u>49,004</u>	<u>62,353</u>	<u>111,357</u>
Total expenses	<u>744,138</u>	<u>269,975</u>	<u>76,545</u>	<u>1,090,658</u>	<u>2,045,345</u>	<u>3,136,003</u>
Change in net assets	<u>\$ (172,028)</u>	<u>\$ 32,454</u>	<u>\$ 210,770</u>	<u>\$ 71,196</u>	<u>\$ 1,085,723</u>	<u>\$ 1,156,919</u>

See notes to supplemental information

NORTH MARIN COMMUNITY SERVICES
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>CCTR-7141</u>	<u>CSPP-7286</u>	<u>CAM CCTR-7138</u>	<u>Total</u>
1000 CERTIFIED PERSONNEL SALARIES	\$ 368,251	\$ 162,707	\$ 50,410	\$ 581,368
2000 CLASSIFIED PERSONNEL SALARIES	176,480	49,904	10,205	236,589
3000 EMPLOYEE BENEFITS	72,421	34,020	5,942	112,383
4000 BOOKS, SUPPLIES, EQUIPMENT REPLACEMENT	48,584	5,831	3,479	57,894
5000 CONTRACTED SERVICES AND OTHER OPERATING EXPENSES	42,818	7,285	3,317	53,420
Depreciation expense	35,584	10,228	3,192	49,004
Start up costs	-	-	-	-
6000 CAPITAL OUTLAY				
6100 Other approved capital outlay	-	-	-	-
Total expenses claimed for reimbursement	<u>\$ 744,138</u>	<u>\$ 269,975</u>	<u>\$ 76,545</u>	<u>\$ 1,090,658</u>

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

See notes to supplemental information

NORTH MARIN COMMUNITY SERVICES
SCHEDULE OF REIMBURSABLE EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2018

Unit Cost Under \$7,500 Per Item:

None

Unit Cost Over \$7,500 Per Item

With Prior Written Approval:

None

Unit Cost Over \$7,500 Per Item

With Prior Written Approval:

None

See notes to supplemental information

NORTH MARIN COMMUNITY SERVICES
SCHEDULE OF REIMBURSABLE ADMINISTRATIVE EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018

	CDE		CAM	Total
	CCTR 7141	CSPP 7286	CCTR 7138	
Salaries and wages	\$ 161,065	\$ 54,545	\$ 13,476	\$ 229,086
Fringe and payroll taxes	26,083	8,833	2,182	37,099
Supplies	9,819	3,325	822	13,965
Telephone	5,213	1,765	436	7,414
Professional services	77,614	26,284	6,494	110,392
Insurance	28,764	9,741	2,407	40,912
Other operating expenses	39,108	<u>13,149</u>	<u>3,249</u>	<u>55,506</u>
Total	<u>\$ 347,667</u>	<u>\$ 117,642</u>	<u>\$ 29,066</u>	<u>\$ 494,375</u>

See notes to supplemental information

AUDITED ATTENDANCE AND FISCAL REPORTS

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 1 of 9 (09/18)

Fiscal Year Ending	June 30, 2018
Contract Number	CSPP 7286
Vendor Code	T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Three and Four Year Olds Full-time-plus	73		73	1.1800	86.14
Three and Four Year Olds Full-time	568		568	1.0000	568
Three and Four Year Olds Three-quarters-time	124		124	0.7500	93
Three and Four Year Olds One-half-time	18		18	0.6193	11.1474
Exceptional Needs Full-time-plus				1.4160	0
Exceptional Needs Full-time				1.2000	0
Exceptional Needs Three-quarters-time				0.9000	0
Exceptional Needs One-half-time				0.6193	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 2 of 9 (09/18)

Fiscal Year Ending June 30, 2018
 Contract Number CSPP 7286
 Vendor Code T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	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				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				1.7700	0
Severely Disabled Full-time				1.5000	0
Severely Disabled Three-quarters-time				1.1250	0
Severely Disabled One-half-time				0.6193	0
TOTAL DAYS OF ENROLLMENT	783		783	N/A	758.2874
DAYS OF OPERATION	247		247	N/A	N/A
DAYS OF ATTENDANCE	783		783	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-5) and continue to Revenue Section on page 6.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 3 of 9 (09/18)

Fiscal Year Ending	June 30, 2018
Contract Number	CSPP 7286
Vendor Code	T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 8501	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				1.6520	0
Toddlers (18 up to 36 months) Full-time				1.4000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.0500	0
Toddlers (18 up to 36 months) One-half-time				0.7700	0
Three and Four Year Olds Full-time-plus				1.1800	0
Three and Four Year Olds Full-time	3,981		3,981	1.0000	3,981
Three and Four Year Olds Three-quarters-time	349		349	0.7500	261.75
Three and Four Year Olds One-half-time	506		506	0.6193	313.3658
Exceptional Needs Full-time-plus				1.4160	0
Exceptional Needs Full-time				1.2000	0
Exceptional Needs Three-quarters-time				0.9000	0
Exceptional Needs One-half-time				0.6193	0

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 4 of 9 (09/18)

Fiscal Year Ending June 30, 2018

Contract Number CSPP 7286

Vendor Code T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 8501	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	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 5 of 9 (09/18)

Fiscal Year Ending	June 30, 2018
Contract Number	CSPP 7286
Vendor Code	T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 2 - Non-Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				1.7700	0
Severely Disabled Full-time				1.5000	0
Severely Disabled Three-quarters-time				1.1250	0
Severely Disabled One-half-time				0.6193	0
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	4,836		4,836	N/A	4,556.1158

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 6 of 9 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 3 - Revenue	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	5,426		5,426
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	5,426		5,426
Transfer from Reserve General			
Transfer from Reserve Professional Development			
Transfer from Reserve Total			
Family Fees for Certified Children	1,133		1,133
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children	262,326		262,326
Unrestricted Income: Head Start			
Unrestricted Income - Other:			
Total Revenue	268,885		268,885

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 7 of 9 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	162,707		162,707
2000 Classified Salaries	49,904		49,904
3000 Employee Benefits	34,020		34,020
4000 Books and Supplies	5,381		5,381
5000 Services and Other Operating Expenses	7,285		7,285
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	10,228		10,228
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)			
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	269,525		269,525
Total Administrative Cost (included in section 4 above)	39,610	78,032	117,642

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 8.

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS

A U D 8501 Page 9 of 9 (09/18)

Fiscal Year Ending	June 30, 2018
Contract Number	CSPP 7286
Vendor Code	T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 7 - Summary	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Days of Enrollment	783		783
Days of Operation	247		247
Days of Attendance	783		783
Total Non-Certified Days of Enrollment	4,836		4,836
Restricted Program Income	5,426		5,426
Transfer from Reserve			
Family Fees for Certified Children	1,133		1,133
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	269,525		269,525
Total Administrative Cost	39,610	78,032	117,642

Total Certified Adjusted Days of Enrollment	758.2874
Total Non-Certified Adjusted Days of Enrollment	4,556.1158

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 (formerly Early Education and Support Division):

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

Yes
 No

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

Yes
 No

Include any comments in the Comments box on page 7. If necessary, attach additional sheets to explain adjustments.

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE
 AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 1 of 10 (09/18)

Fiscal Year Ending June 30, 2018

Contract Number CCTR 7141

Vendor Code T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	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				2.006	0
Infants (up to 18 months) Full-time				1.700	0
Infants (up to 18 months) Three-quarters-time				1.275	0
Infants (up to 18 months) One-half-time				0.935	0
FCCH Infants (up to 18 months) Full-time-plus				1.652	0
FCCH Infants (up to 18 months) Full-time				1.400	0
FCCH Infants (up to 18 months) Three-quarters-time				1.050	0
FCCH Infants (up to 18 months) One-half-time				0.770	0
Toddlers (18 up to 36 months) Full-time-plus				1.652	0
Toddlers (18 up to 36 months) Full-time				1.400	0
Toddlers (18 up to 36 months) Three-quarters-time				1.050	0
Toddlers (18 up to 36 months) One-half-time				0.770	0
Three Years and Older Full-time-plus	300		300	1.180	354
Three Years and Older Full-time	1,880		1,880	1.000	1,880
Three Years and Older Three-quarters-time	509		509	0.750	381.75
Three Years and Older One-half-time	5,494		5,494	0.550	3,021.7

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 2 of 10 (09/18)

Fiscal Year Ending	June 30, 2018
Contract Number	CCTR 7141
Vendor Code	T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Exceptional Needs Full-time-plus				1.416	0
Exceptional Needs Full-time				1.200	0
Exceptional Needs Three-quarters-time				0.900	0
Exceptional Needs One-half-time				0.660	0
Limited and Non-English Proficient Full-time-plus				1.298	0
Limited and Non-English Proficient Full-time				1.100	0
Limited and Non-English Proficient Three-quarters-time				0.825	0
Limited and Non-English Proficient One-half-time				0.605	0
At Risk of Abuse or Neglect Full-time-plus				1.298	0
At Risk of Abuse or Neglect Full-time				1.100	0
At Risk of Abuse or Neglect Three-quarters-time				0.825	0
At Risk of Abuse or Neglect One-half-time				0.605	0

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT
 FOR CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 3 of 10 (09/18)

Fiscal Year Ending June 30, 2018
 Contract Number CCTR 7141
 Vendor Code T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				1.770	0
Severely Disabled Full-time				1.500	0
Severely Disabled Three-quarters-time				1.125	0
Severely Disabled One-half-time				0.825	0

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
TOTAL DAYS OF ENROLLMENT	8,183		8,183	N/A	5,637.45
DAYS OF OPERATION	247		247	N/A	N/A
DAYS OF ATTENDANCE	8,183		8,183	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 4-6) and continue to Revenue Section on page 7.

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED
ATTENDANCE AND FISCAL REPORT FOR
CHILD DEVELOPMENT PROGRAMS
A U D 9500 Page 4 of 10 (09/18)

Fiscal Year Ending June 30, 2018

Contract Number CCTR 7141

Vendor Code T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	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				2.006	0
Infants (up to 18 months) Full-time				1.700	0
Infants (up to 18 months) Three-quarters-time				1.275	0
Infants (up to 18 months) One-half-time				0.935	0
FCCH Infants (up to 18 months) Full-time-plus				1.652	0
FCCH Infants (up to 18 months) Full-time				1.400	0
FCCH Infants (up to 18 months) Three-quarters-time				1.050	0
FCCH Infants (up to 18 months) One-half-time				0.770	0
Toddlers (18 up to 36 months) Full-time-plus				1.652	0
Toddlers (18 up to 36 months) Full-time				1.400	0
Toddlers (18 up to 36 months) Three-quarters-time				1.050	0
Toddlers (18 up to 36 months) One-half-time				0.770	0
Three Years and Older Full-time-plus				1.180	0
Three Years and Older Full-time	2,923		2,923	1.000	2,923
Three Years and Older Three-quarters-time	459		459	0.750	344.25
Three Years and Older One-half-time	7,866		7,866	0.550	4,326.3

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 5 of 10 (09/18)

Fiscal Year Ending	June 30, 2018
Contract Number	CCTR 7141
Vendor Code	T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Exceptional Needs Full-time-plus				1.416	0
Exceptional Needs Full-time				1.200	0
Exceptional Needs Three-quarters-time				0.900	0
Exceptional Needs One-half-time				0.660	0
Limited and Non-English Proficient Full-time-plus				1.298	0
Limited and Non-English Proficient Full-time				1.100	0
Limited and Non-English Proficient Three-quarters-time				0.825	0
Limited and Non-English Proficient One-half-time				0.605	0
At Risk of Abuse or Neglect Full-time-plus				1.298	0
At Risk of Abuse or Neglect Full-time				1.100	0
At Risk of Abuse or Neglect Three-quarters-time				0.825	0
At Risk of Abuse or Neglect One-half-time				0.605	0

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 6 of 10 (09/18)

Fiscal Year Ending	June 30, 2018
Contract Number	CCTR 7141
Vendor Code	T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				1.770	0
Severely Disabled Full-time				1.500	0
Severely Disabled Three-quarters-time				1.125	0
Severely Disabled One-half-time				0.825	0

Section II - Days of Enrollment Non-Certified Children	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative FY Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	11,248		11,248	N/A	7,593.55

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 7 of 10 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 3 - Revenue	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	28,486		28,486
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	28,486		28,486
Transfer From Reserve			
Family Fees for Certified Children	26,578		26,578
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children	289,001		289,001
Unrestricted Income: Head Start			
Unrestricted Income - Other			
Total Revenue	344,065		344,065

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 8 of 10 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	368,251		368,251
2000 Classified Salaries	176,480		176,480
3000 Employee Benefits	72,421		72,421
4000 Books and Supplies	48,584		48,584
5000 Services and Other Operating Expenses	42,818		42,818
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	35,584		35,584
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)			
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	744,138		744,138
Total Administrative Cost (included in Section 4)	107,347	240,320	347,667

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 9.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
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Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 7 - Summary	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Adjusted Days of Enrollment	8,183		8,183
Days of Operation	247		247
Days of Attendance	8,183		8,183
Total Non-Certified Days of Enrollment	11,248		11,248
Restricted Program Income	28,486		28,486
Transfer from Reserve			
Family Fees for Certified Children	26,578		26,578
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	744,138		744,138
Total Administrative Cost	107,347	240,320	347,667

Total Certified Adjusted
Days of Enrollment

Total Non-Certified
Adjusted
Days of Enrollment

Independent Auditor's Assurances on Agency's Compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Learning and Care Division (formerly Early Education and Support Division):

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

Yes

No

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

Yes

No

Include any comments in the 'Comments' box on page 8. If necessary, attach additional sheets to explain adjustments.

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE
 AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 1 of 10 (09/18)

Fiscal Year Ending June 30, 2018

Contract Number CCTR 7138

Vendor Code T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	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				2.006	0
Infants (up to 18 months) Full-time				1.700	0
Infants (up to 18 months) Three-quarters-time				1.275	0
Infants (up to 18 months) One-half-time				0.935	0
FCCH Infants (up to 18 months) Full-time-plus				1.652	0
FCCH Infants (up to 18 months) Full-time				1.400	0
FCCH Infants (up to 18 months) Three-quarters-time				1.050	0
FCCH Infants (up to 18 months) One-half-time				0.770	0
Toddlers (18 up to 36 months) Full-time-plus				1.652	0
Toddlers (18 up to 36 months) Full-time				1.400	0
Toddlers (18 up to 36 months) Three-quarters-time				1.050	0
Toddlers (18 up to 36 months) One-half-time				0.770	0
Three Years and Older Full-time-plus	96		96	1.180	113.28
Three Years and Older Full-time	596		596	1.000	596
Three Years and Older Three-quarters-time	290		290	0.750	217.5
Three Years and Older One-half-time	1,665		1,665	0.550	915.75

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 2 of 10 (09/18)

Fiscal Year Ending	June 30, 2018
Contract Number	CCTR 7138
Vendor Code	T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Exceptional Needs Full-time-plus				1.416	0
Exceptional Needs Full-time				1.200	0
Exceptional Needs Three-quarters-time				0.900	0
Exceptional Needs One-half-time				0.660	0
Limited and Non-English Proficient Full-time-plus				1.298	0
Limited and Non-English Proficient Full-time				1.100	0
Limited and Non-English Proficient Three-quarters-time				0.825	0
Limited and Non-English Proficient One-half-time				0.605	0
At Risk of Abuse or Neglect Full-time-plus				1.298	0
At Risk of Abuse or Neglect Full-time				1.100	0
At Risk of Abuse or Neglect Three-quarters-time				0.825	0
At Risk of Abuse or Neglect One-half-time				0.605	0

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT
 FOR CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 3 of 10 (09/18)

Fiscal Year Ending June 30, 2018
 Contract Number CCTR 7138
 Vendor Code T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				1.770	0
Severely Disabled Full-time				1.500	0
Severely Disabled Three-quarters-time				1.125	0
Severely Disabled One-half-time				0.825	0

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
TOTAL DAYS OF ENROLLMENT	2,647		2,647	N/A	1,842.53
DAYS OF OPERATION	247		247	N/A	N/A
DAYS OF ATTENDANCE	2,647		2,647	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 4-6) and continue to Revenue Section on page 7.

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED
ATTENDANCE AND FISCAL REPORT FOR
CHILD DEVELOPMENT PROGRAMS
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Fiscal Year Ending June 30, 2018

Contract Number CCTR 7138

Vendor Code T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	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				2.006	0
Infants (up to 18 months) Full-time				1.700	0
Infants (up to 18 months) Three-quarters-time				1.275	0
Infants (up to 18 months) One-half-time				0.935	0
FCCH Infants (up to 18 months) Full-time-plus				1.652	0
FCCH Infants (up to 18 months) Full-time				1.400	0
FCCH Infants (up to 18 months) Three-quarters-time				1.050	0
FCCH Infants (up to 18 months) One-half-time				0.770	0
Toddlers (18 up to 36 months) Full-time-plus				1.652	0
Toddlers (18 up to 36 months) Full-time	3,209		3,209	1.400	4,492.6
Toddlers (18 up to 36 months) Three-quarters-time				1.050	0
Toddlers (18 up to 36 months) One-half-time				0.770	0
Three Years and Older Full-time-plus				1.180	0
Three Years and Older Full-time	6,720		6,720	1.000	6,720
Three Years and Older Three-quarters-time	867		867	0.750	650.25
Three Years and Older One-half-time	8,703		8,703	0.550	4,786.65

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 5 of 10 (09/18)

Fiscal Year Ending June 30, 2018

Contract Number CCTR 7138

Vendor Code T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Exceptional Needs Full-time-plus				1.416	0
Exceptional Needs Full-time				1.200	0
Exceptional Needs Three-quarters-time				0.900	0
Exceptional Needs One-half-time				0.660	0
Limited and Non-English Proficient Full-time-plus				1.298	0
Limited and Non-English Proficient Full-time				1.100	0
Limited and Non-English Proficient Three-quarters-time				0.825	0
Limited and Non-English Proficient One-half-time				0.605	0
At Risk of Abuse or Neglect Full-time-plus				1.298	0
At Risk of Abuse or Neglect Full-time				1.100	0
At Risk of Abuse or Neglect Three-quarters-time				0.825	0
At Risk of Abuse or Neglect One-half-time				0.605	0

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 6 of 10 (09/18)

Fiscal Year Ending	June 30, 2018
Contract Number	CCTR 7138
Vendor Code	T266

Full Name of Contractor NORTH MARIN COMMUNITY SERVICES

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				1.770	0
Severely Disabled Full-time				1.500	0
Severely Disabled Three-quarters-time				1.125	0
Severely Disabled One-half-time				0.825	0

Section II - Days of Enrollment Non-Certified Children	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative FY Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	19,499		19,499	N/A	16,649.5

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 7 of 10 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 3 - Revenue	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	2,809		2,809
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	2,809		2,809
Transfer From Reserve			
Family Fees for Certified Children	2,918		2,918
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children			
Unrestricted Income: Head Start			
Unrestricted Income - Other			
Total Revenue	5,727		5,727

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 8 of 10 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	50,410		50,410
2000 Classified Salaries	10,205		10,205
3000 Employee Benefits	5,942		5,942
4000 Books and Supplies	3,479		3,479
5000 Services and Other Operating Expenses	3,317		3,317
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	3,192		3,192
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)			
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	76,545		76,545
Total Administrative Cost (included in Section 4)	11,060	18,006	29,066

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 9.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CHILD DEVELOPMENT PROGRAMS
 A U D 9500 Page 10 of 10 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 7 - Summary	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Adjusted Days of Enrollment	2,647		2,647
Days of Operation	247		247
Days of Attendance	2,647		2,647
Total Non-Certified Days of Enrollment	19,499		19,499
Restricted Program Income	2,809		2,809
Transfer from Reserve			
Family Fees for Certified Children	2,918		2,918
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	76,545		76,545
Total Administrative Cost	11,060	18,006	29,066

Total Certified Adjusted
Days of Enrollment

Total Non-Certified
Adjusted
Days of Enrollment

Independent Auditor's Assurances on Agency's Compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Learning and Care Division (formerly Early Education and Support Division):

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

Yes

No

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

Yes

No

Include any comments in the 'Comments' box on page 8. If necessary, attach additional sheets to explain adjustments.

CCFP SCHEDULES

NORTH MARIN COMMUNITY SERVICES
CHILD AND ADULT CARE FOOD PROGRAM - CHILD CARE CENTERS
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS
AND EARNED REIMBURSEMENT
FOR THE YEAR ENDED JUNE 30, 2018

	Reported Adjusted, Allowed	Cost	Revenue	Adjustments	Earned
Breakfast					
Free	2,688	\$ 1.75	\$ 4,704	-	\$ 4,704
Reduced	1,158	1.45	1,679	-	1,679
Base	5,206	0.30	1,562	-	1,562
Total	<u>9,052</u>		<u>7,945</u>		<u>7,945</u>
Lunch					
Free	3,399	3.23	10,979	-	10,979
Reduced	1,438	2.83	4,070	-	4,070
Base	6,408	0.31	1,986	-	1,986
Total	<u>11,245</u>		<u>17,035</u>		<u>17,035</u>
Supplements					
Free	7,563	0.88	6,655	-	6,655
Reduced	3,203	0.44	1,409	-	1,409
Base	13,274	0.08	1,062	-	1,062
Total	<u>24,040</u>		<u>9,127</u>		<u>9,127</u>
Cash-in-lieu	<u>11,245</u>	0.2325	<u>2,614</u>		<u>2,614</u>
Total Federal reimbursement			<u>\$ 36,721</u>		<u>36,721</u>
Total reimbursement overpaid/refund due state					<u>\$ -</u>

See notes to supplemental information

NORTH MARIN COMMUNITY SERVICES
CHILD CARE FOOD PROGRAM - CHILD CARE CENTERS
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2018

Fixed Percentage Method

	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
Free	51	51	51	51	42	42	42	42	42	42	44	44
Reduced	17	17	17	19	19	19	19	19	19	19	20	20
Basic	<u>82</u>	<u>82</u>	<u>82</u>	<u>74</u>	<u>74</u>	<u>74</u>	<u>74</u>	<u>74</u>	<u>74</u>	<u>74</u>	<u>84</u>	<u>84</u>
Total	<u>150</u>	<u>150</u>	<u>150</u>	<u>144</u>	<u>135</u>	<u>135</u>	<u>135</u>	<u>135</u>	<u>135</u>	<u>135</u>	<u>148</u>	<u>148</u>

See notes to supplemental information

NORTH MARIN COMMUNITY SERVICES
CHILD CARE FOOD PROGRAM - CHILD CARE CENTERS
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS
FOR THE YEAR ENDED JUNE 30, 2018

	July	August	September	October	November	December	January	February	March	April	May	June
Breakfast												
Total	857	836	636	749	594	589	695	718	843	798	872	865
Free	276	259	190	225	177	175	208	216	251	238	233	240
Reduced	84	74	49	108	86	86	101	104	123	116	113	114
Base	497	503	397	416	331	328	386	398	469	444	526	511
Lunch												
Total	1,709	1,339	508	575	733	678	735	797	739	966	827	1,639
Free	578	433	137	169	220	202	219	239	217	289	213	483
Reduced	191	133	27	85	106	99	107	115	109	140	106	220
Base	940	773	344	321	407	377	409	443	413	537	508	936
Supplements												
Total	1,688	2,112	1,946	2,108	1,846	1,809	1,998	1,921	2,314	2,103	2,358	1,837
Free	570	714	660	655	573	561	620	596	717	650	701	546
Reduced	189	236	220	296	261	255	282	271	327	298	319	249
Base	929	1162	1066	1157	1,012	993	1,096	1,054	1,270	1,155	1,338	1,042

**All meals are reported, adjusted and allowed

See notes to supplemental information

NORTH MARIN COMMUNITY SERVICES
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2018

1. Statement of Cash Flows
CDE encourages organizations to use the direct method for reporting net cash flows from operating activities, but it also allows them to use the indirect method.
2. Schedule of Expenditures of Federal and State Awards
 - a. Federal and State awards expended are reported on the accrual basis of accounting in conformity with generally accepted accounting principles as described in the Notes to the Financial Statements.
 - b. The federal expenditures were less than \$750,000; therefore, no single audit was performed.
3. Property
Property purchased with CDE contract funds during fiscal year 2017-2018 has been separately accounted for in the property management system.
4. Allowable Indirect Costs
Indirect costs are only applicable to the 1000 - 5000 series of general ledger expenditure accounts in the California School Accounting Manual. In accordance with CDP's FT&C's, indirect costs cannot be charged on capital outlay expenditures in the 6000 series accounts.
5. Claim Preparation
Monthly CACFP claims were prepared in accordance with the Total Count - Fixed Percentage claiming method.

The "Total Count - Fixed Percentage" claiming method requires each Agency to accurately categorize enrollment data into free, reduced price, and base rate categories at least one time at the beginning of the fiscal year. The percentage for each category becomes the percentage used to determine reimbursement for the fiscal year. These percentages may be adjusted by the Agency to accurately categorize enrollment if material changes in the enrollment percentages occur during the fiscal year.

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*

To the Board of Directors
North Marin Community Services
Novato, 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 financial statements of North Marin Community Services (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2018.

Internal Control Over Financial Reporting

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

Goranson and Associates, Inc.

September 26, 2018

Santa Rosa, CA

NORTH MARIN COMMUNITY SERVICES
SCHEDULE OF AUDITOR'S RESULTS, FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued	UNMODIFIED
---------------------------------	------------

Internal control over financial reporting:

Material weaknesses identified?	NO
---------------------------------	----

Significant deficiencies identified that are not considered to be material weaknesses?	NO
---	----

Non-compliance material to financial statements noted?	NO
--	----

FINDINGS AND QUESTIONED COSTS

Financial Statement Audit findings or questioned costs?	NO
---	----