

NORTH MARIN COMMUNITY SERVICES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
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, 2020, 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.



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, 2020, 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 16 through 49 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 November 5, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the North Marin Community Services' financial statements for the year ended June 30, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

November 5, 2020
Santa Rosa, CA

NORTH MARIN COMMUNITY SERVICES
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2020
(With summarized comparative totals for the year ended June 30, 2019)

	Without donor restriction	With donor restriction	2020 Total	2019 Total
ASSETS				
Cash	\$ 712,817	\$ 1,465,979	\$ 2,178,796	\$ 1,113,447
Receivables and prepaid expenses	489,899	98,423	588,322	660,123
Unemployment Trust Reserve	65,463		65,463	60,386
Investments	3,763,265	-	3,763,265	3,693,758
Property and equipment, net	496,647	-	496,647	577,740
Government-owned assets	-	105,025	105,025	105,025
Total assets	\$ 5,528,091	\$ 1,669,427	\$ 7,197,518	\$ 6,210,479
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 141,196		\$ 141,196	\$ 143,652
Accrued personal time off	162,202		162,202	139,610
Deferred revenue	-		-	24,307
Unemployment Trust Reserve	65,463		65,463	60,386
Note payable, current portion	222,403		222,403	-
In lieu fee payable	35,000		35,000	35,000
Total current liabilities	626,264		626,264	402,955
LONG TERM LIABILITIES:				
Note payable	280,097		280,097	-
Total liabilities	906,361		906,361	402,955
NET ASSETS:				
Without donor restriction:				
Board-designated:				
Investment fund	3,763,265		3,763,265	3,693,758
Total designated funds	3,763,265		3,763,265	3,693,758
Undesignated funds	858,465		858,465	721,717
Total unrestricted net assets	4,621,730		4,621,730	4,415,475
Government-owned assets	-	\$ 105,025	105,025	105,025
With donor restriction	-	1,564,402	1,564,402	1,287,024
Total net assets	4,621,730	1,669,427	6,291,157	5,807,524
Total liabilities and net assets	\$ 5,528,091	\$ 1,669,427	\$ 7,197,518	\$ 6,210,479

The accompanying notes are an integral part of these financial statements

NORTH MARIN COMMUNITY SERVICES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With summarized comparative totals for the year ended June 30, 2019)

	Without donor restriction	With donor restriction	2020 Total	2019 Total
SUPPORT:				
Grants	\$ 605,093	\$ 665,120	\$ 1,270,213	\$ 1,813,670
Contributions	520,422	366,384	886,806	506,210
State apportionments	396,487	-	396,487	406,608
Contracts	1,187,331	88,240	1,275,571	525,330
In-kind contributions	477,818	-	477,818	355,071
Legacy circle	168,286	-	168,286	114,099
Total support	<u>3,355,437</u>	<u>1,119,744</u>	<u>4,475,181</u>	<u>3,720,988</u>
REVENUE:				
Program service fees	585,438		585,438	875,191
Gain (loss) on sale of investments	(14,738)		(14,738)	39,155
Unrealized gain (loss) on investments	41,329		41,329	90,399
Investment income	71,389		71,389	71,161
Special events & fundraising	2,951	72,815	75,766	52,431
Rental & other income	67,750	-	67,750	80,706
Total revenue	<u>754,119</u>	<u>72,815</u>	<u>826,934</u>	<u>1,209,043</u>
Net assets released from restrictions	920,181	(920,181)	-	-
Total support and revenue	<u>5,029,737</u>	<u>272,378</u>	<u>5,302,115</u>	<u>4,930,031</u>
EXPENSES:				
Program Services:				
Child Development	1,222,764		1,222,764	1,315,788
Health & Wellness	555,664		555,664	601,710
Family & Community Eng	1,942,632		1,942,632	1,219,541
Total program expenses	<u>3,721,060</u>		<u>3,721,060</u>	<u>3,137,039</u>
Support Services:				
General administration & plant	744,794		744,794	632,823
Fund development	352,628		352,628	269,221
Total support services	<u>1,097,422</u>		<u>1,097,422</u>	<u>902,044</u>
Total expenses	<u>4,818,482</u>		<u>4,818,482</u>	<u>4,039,083</u>
CHANGE IN OPERATING NET ASSETS	<u>211,255</u>		<u>483,633</u>	<u>890,948</u>
CHANGE IN NET ASSETS	211,255	272,378	483,633	890,948
Net Assets, beginning of year	4,410,475	1,397,049	5,807,524	4,927,544
Government assets disposed	-	-	-	(10,968)
Net Assets, end of the year	<u>\$ 4,621,730</u>	<u>\$ 1,669,427</u>	<u>\$ 6,291,157</u>	<u>\$ 5,807,524</u>

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, 2020

(With summarized comparative totals for the year ended June 30, 2019)

	PROGRAM SERVICES				SUPPORTING SERVICES			2020 Total	2019 Total
	Child Development	Health & Wellness	Family & Community Engagement	Total Programs	General Admin & Plant	Fund Development	Total Support		
Salaries	\$ 784,798	\$ 415,045	\$ 553,755	\$ 1,753,598	\$ 440,507	\$ 205,876	\$ 646,383	\$ 2,399,981	\$ 2,218,170
Payroll taxes	57,518	31,213	41,525	130,256	30,895	13,021	43,916	174,172	160,545
Employee benefits	90,194	18,938	36,334	145,466	59,845	9,640	69,485	214,951	217,084
Professional Services	23,862	10,641	25,928	60,431	58,497	57,509	116,006	176,437	210,243
Computer & Tech Support	17,910	10,646	12,784	41,340	13,779	4,986	18,765	60,105	61,637
Repairs and Maintenance	18,146	6,287	6,287	30,720	16,163	1,796	17,959	48,679	25,217
Insurance	26,867	9,795	9,795	46,457	6,717	2,799	9,516	55,973	55,019
Occupancy	30,834	11,242	11,242	53,318	7,709	3,212	10,921	64,239	64,648
Telephone	11,807	3,503	4,913	20,223	2,647	1,156	3,803	24,026	19,982
Postage & Printing	3,742	1,593	2,156	7,491	1,113	17,356	18,469	25,960	19,984
Supplies	26,278	4,132	7,173	37,583	10,329	6,203	16,532	54,115	61,511
Food Supplies	31,149	1,594	2,328	35,071	2,787	3,791	6,578	41,649	58,150
Travel & Transportation	22,018	126	7,254	29,398	699	118	817	30,215	34,024
Advertising & Marketing	2,807	1,107	737	4,651	975	2,468	3,443	8,094	3,983
Equipment & Rental	11,148	6,208	14,891	32,247	23,676	1,709	25,385	57,632	26,424
Dues & Fees, Subscriptions & Prof Dev	18,617	1,211	2,807	22,635	51,237	3,098	54,335	76,970	64,588
Direct Client Assistance	-	-	697,541	697,541	-	-	-	697,541	250,074
Other Operating Expenses	189	6,020	11,001	17,210	5,999	13,215	19,214	36,424	28,185
Food in-Kind	-	-	477,818	477,818	-	-	-	477,818	355,071.00
Subtotal	1,177,884	539,301	1,926,269	3,643,454	733,574	347,953	1,081,527	4,724,981	3,934,539
Depreciation	44,880	16,363	16,363	77,606	11,220	4,675	15,895	93,501	104,544
Total expenses	<u>\$ 1,222,764</u>	<u>\$ 555,664</u>	<u>\$ 1,942,632</u>	<u>\$ 3,721,060</u>	<u>\$ 744,794</u>	<u>\$ 352,628</u>	<u>\$ 1,097,422</u>	<u>\$ 4,818,482</u>	<u>\$ 4,039,083</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, 2020
(With summarized comparative totals for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 483,633	\$ 890,948
Adjustment to reconcile increase in net assets to net cash provided by operations:		
Depreciation	93,501	104,544
Gain (loss) on sale of investments	14,738	(39,155)
Unrealized gain on investments	(41,329)	(90,399)
Decrease in receivables and prepaids	71,801	(484,260)
Increase in:		
Accounts payable and accruals	20,136	68,482
Deferred revenue	(24,307)	(3,898)
Cash used by operating activities	<u>618,173</u>	<u>446,262</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment	310,910	592,531
Purchase of investments	(353,826)	(646,935)
Purchase of fixed assets	(12,408)	(114,446)
Cash provided by investing activities	<u>(55,324)</u>	<u>(168,850)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long term note payable	-	(26,748)
Borrowings on long term note payable	502,500	-
Cash provided (used) by financing activities	<u>502,500</u>	<u>(26,748)</u>
NET INCREASE IN CASH	1,065,349	250,664
CASH, BEGINNING OF THE YEAR	<u>1,113,447</u>	<u>862,783</u>
CASH, END OF THE YEAR	<u>\$ 2,178,796</u>	<u>\$ 1,113,447</u>

The accompanying notes are an integral part of these financial statements

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 ORGANIZATION

North Marin Community Services (Organization) 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 Organization's former name was Novato Youth Center, and through a merger with Novato Human Needs Center; it was renamed to North Marin Community Services on January 1, 2018. These organizations each had a 47-year history of serving in-need populations and now, stronger together, they provide more depth and breadth of services to their clients. The Organization'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 Organization grew to now serving 8,380 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 Organization 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 Organization continuously strives to improve the effectiveness of their programs. The Organization 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 Organization sets yearly goals that coincide with their three-year strategic plan and participates in external evaluations when requested. The Organization also listens to the feedback of those they serve and who are affected by the programs, and regularly administers satisfaction surveys.

The Organization 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 Organization, even more children, adults and families in-need have the support they need to be successful at home, at school, and in life - lighting a pathway for brighter futures.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Organization 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.

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Organization 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 Organization 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 Organization 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, 2020 the Organization’s uninsured cash balances total \$772,611. The Organization also uses a sweep account to prevent any issues with FDIC limits.

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.

Fair Value Measures – The Organization 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 level 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.

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 Organization is self-insured for their unemployment claims. A third-party administrator maintains the account. The Organization pays into the account quarterly and unemployment claims are paid from the account. The cash is available to the Organization 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 Organization. The Organization 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 Organization 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 Organization 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.

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

Income Taxes – The Organization 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 Organization is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Organization 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 Organization's status as a not-for-profit entity.

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Organization'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 Organization 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 Organization 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.

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 Organization 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. The current in kind income and expense valued is related to the food pantry donations.

Reclassifications – Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Summarized Comparative Financial Information – The 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 financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 3 LIQUIDITY

The following reflects the Organization’s financial assets as of June 30, 2020, 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 Organization, the Organization maintains a financial asset balance large enough to carry operations and emergency cash flow needs for one year. The board designated investment fund can be undesignated at any time with a board vote. 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	\$ 2,178,796
Accounts receivable	588,322
Investments	3,763,265
Total financial assets	6,530,383
Less those unavailable for general	
expenditures within one year due to:	
Donor restricted funds (by time or purpose)	(1,564,402)
Board designated investment fund	(3,763,265)
	(5,327,667)
Financial assets available to meet cash needs	
for general expenditures within one year	\$ 1,202,716

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020:

	Level 1	Level 2	Total
US Treasuries	\$ 407,304		\$ 407,304
Corporate Bonds	545,582		545,582
Equities	39,986		39,986
Mutual Funds	299,701		299,701
Pooled investments	-	\$ 1,147,799	1,147,799
Exchange Traded funds	1,069,749	-	1,069,749
Cash	253,144	-	253,144
Total	<u>\$ 2,615,466</u>	<u>\$ 1,147,799</u>	<u>\$ 3,763,265</u>

Investment earnings are as follows for the year ended June 30, 2020:

Interest and dividend income	\$ 71,389
Net realized gains (losses)	(14,738)
Net unrealized gains (losses)	41,329
Total investment return	<u>\$ 97,980</u>

NOTE 5 PLANT AND EQUIPMENT

At June 30, 2020 the fixed assets account group consisted of:

	Agency Owned	Government Owned
Land and improvements	\$ 474,350	
Buildings and improvements	2,977,950	\$ 105,025
Annex	29,986	-
Vehicle	314,528	-
Equipment	141,917	-
Furniture and fixtures	149,148	-
	<u>4,087,879</u>	<u>105,025</u>
Accumulated depreciation	<u>(3,591,232)</u>	-
Net plant and equipment	<u>\$ 496,647</u>	<u>\$ 105,025</u>

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 ACCUMULATED PAID TIME OFF

Accumulated unpaid personal time off benefits are recognized as liabilities of the Organization. The value of accumulated personal time off at June 30, 2020 is \$162,202.

NOTE 7 LINE OF CREDIT

The Organization 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 Organization's assets. The note bears interest at the prime rate (3.25 percent per annum at June 30, 2020) 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 February 15, 2022. The Organization had no borrowings under the line as of June 30, 2020.

NOTE 8 NOTES PAYABLE

The Organization has a note payable with the Small Business Administration in the amount of \$502,500. The loan originated April 2020 and matures April 2022. Interest is one percent. The loan can be forgiven as long as the covenants are met which was not done by June 30, 2020 but is expected to be by June 30, 2021. Future minimum payments are as follows:

2021	\$ 222,403
2022	280,073

NOTE 9 IN LIEU FEE PAYABLE

As part of its 1988 property improvements, the Organization 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 Organization' 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 10 IN KIND DONATIONS

The Organization receives in-kind donations in the form of food contributions. The donor valued the food at \$477,818 retail value for the year ended June 30, 2020.

NORTH MARIN COMMUNITY SERVICES
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 11 NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS

At June 30, 2020, the Organization's net assets with temporary donor restrictions consisted of the following program-restricted and time-restricted grants and contributions:

Operating funds	\$	400,981
Child Development		449,011
Health and wellness		250,739
Family and community engagement		463,572
Other		<u>100</u>
Total cash		<u>1,564,403</u>
Government owned assets		<u>105,025</u>
Total net assets with donor restriction	\$	<u><u>1,669,428</u></u>

A major portion of the net assets with donor restrictions is due to multiyear grants received during the year ended June 30, 2020.

NOTE 12 EMPLOYEE BENEFIT PLAN

The Organization has a defined 403b contribution plan open to all employees. Under the plan, the Organization 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 contribution is a board decision made as part of the budget process. In fiscal year 2020, the Organization contributed up to 2 percent match to the 403b retirement account totaling \$27,053.

NOTE 13 CONTINGENCIES

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

NORTH MARIN COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 14 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 5, 2020, the date the financial statements were available to be issued. In January 2020, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions. This could have a material effect on the Organization's operations, financial position, and cash flows. COVID-19 has allowed the Organization to serve more clients in various programs. Since the March 16, 2020 COVID Shelter in Place, the demand for basic needs services increased dramatically. In particular, the Organization was called upon to be responsive to ensure access to emergency rental assistance, healthy food, direct financial assistance, remote learning, and mental health therapy. As the anchor human service nonprofit in North Marin, the Organization mobilized quickly to continue operating either virtually or on-site during the pandemic.

SUPPLEMENTAL INFORMATION

NORTH MARIN COMMUNITY SERVICES
SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

GRANTOR	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	REVENUE 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	\$ 24,999		\$ 24,999	\$ 24,999	
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-9140	76,476	\$ 139,726	216,202	76,476	\$ 787,941
Child Development Programs	93.575/93.596	CSPP-9288	-	75,867	75,867	-	373,922
			101,475	215,593	317,068	101,475	1,161,863
Child Development Programs	(a)	CCTR-9137	-	87,782	87,782	-	106,929
U.S. Department of Housing and Urban Development							
<i>Passed through the County of Marin</i>							
Community Development Block Grant	14.218		222,134		222,134	222,134	
Community Development Block Grant	14.218	N/A	15,000	-	15,000	15,000	-
Total Federal and State			\$ 338,609	\$ 303,375	\$ 641,984	\$ 338,609	\$ 1,268,792

(a) North Marin Community Services 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, 2020

	CCTR-9140	CSPP-9288	Subcontract CCTR-9137	Total CDE Contracts	Non-CDE Programs	Total
Revenue and Support:						
Government contracts:						
Childcare programs	\$ 211,851	\$ 71,855	\$ 87,782	\$ 371,488		\$ 371,488
Childcare food program	18,772	3,253	2,973	24,998		24,998
Total Government Contracts	<u>230,623</u>	<u>75,108</u>	<u>90,755</u>	<u>396,486</u>		<u>396,486</u>
Other revenue and support:						
Family fees - certified children	19,220	8,336	2,952	30,508		30,508
Family fees - non-certified children	467,826	126,905	-	594,731	\$ (39,801)	554,930
Grants and United Way	-	-	-	-	1,357,996	1,357,996
Contributions	-	-	-	-	886,806	886,806
Contracts	-	-	-	-	1,187,789	1,187,789
Special Events and fundraising	-	-	-	-	75,766	75,766
Investment income	-	-	-	-	71,389	71,389
Gain on sale of investments	-	-	-	-	(14,738)	(14,738)
Unrealized gain on investments	-	-	-	-	41,329	41,329
Other revenue	-	-	-	-	236,034	236,034
Total revenue and support	<u>717,669</u>	<u>210,349</u>	<u>93,707</u>	<u>1,021,725</u>	<u>3,802,570</u>	<u>4,824,295</u>
Expenses:						
Salaries	542,351	252,903	68,621	863,875	1,536,106	2,399,981
Taxes and benefits	102,536	59,004	12,484	174,024	215,098	389,122
Instructional materials and supplies	57,662	7,724	6,002	71,388	109,439	180,827
Repairs and maintenance	-	-	-	-	48,680	48,680
Travel and conferences	-	-	-	-	30,214	30,214
Insurance	-	-	-	-	55,972	55,972
Other operating services/expenses	134,688	50,807	16,689	202,184	940,181	1,142,365
Depreciation expense	27,180	3,484	3,133	33,797	59,704	93,501
Total expenses	<u>864,417</u>	<u>373,922</u>	<u>106,929</u>	<u>1,345,268</u>	<u>2,995,394</u>	<u>4,340,662</u>
Change in net assets	<u>\$ (146,748)</u>	<u>\$ (163,573)</u>	<u>\$ (13,222)</u>	<u>\$ (323,543)</u>	<u>\$ 807,176</u>	<u>\$ 483,633</u>

See notes to supplemental information

NORTH MARIN COMMUNITY SERVICES
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2020

	CCTR-9140	CSPP-9288	CAM CCTR-9137	Total
1000 CERTIFIED PERSONNEL SALARIES	\$ 238,216	\$ 153,199	\$ 32,887	\$ 424,302
2000 CLASSIFIED PERSONNEL SALARIES	304,135	99,704	35,734	439,573
3000 EMPLOYEE BENEFITS	102,536	59,004	12,484	174,024
4000 BOOKS, SUPPLIES, EQUIPMENT REPLACEMENT	57,662	7,724	6,002	71,388
5000 CONTRACTED SERVICES AND OTHER OPERATING EXPENSES	134,688	50,807	16,689	202,184
Depreciation expense	27,180	3,484	3,133	33,797
Start up costs	-	-	-	-
6000 CAPITAL OUTLAY				
6100 Other approved capital outlay	-	-	-	-
Total expenses claimed for reimbursement	<u>\$ 864,417</u>	<u>\$ 373,922</u>	<u>\$ 106,929</u>	<u>\$ 1,345,268</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, 2020

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 RENOVATION AND REPAIR EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

Unit Cost Under \$10,000 Per Item:

None

Unit Cost Over \$10,000 Per Item
With Prior Written Approval:

None

Unit Cost Over \$10,000 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, 2020

	CDE		CAM	Total
	CCTR 9140	CSPP 9288	CCTR 9137	
Salaries and wages	\$ 109,037	\$ 40,329	\$ 12,189	\$ 161,555
Fringe and payroll taxes	22,461	8,307	2,511	33,279
Supplies	3,247	1,201	363	4,811
Telephone	655	242	73	970
Professional services	10,636	3,934	1,189	15,759
Insurance	1,663	615	186	2,464
Other operating expenses	26,919	12,533	3,788	43,240
Total	<u>\$ 174,618</u>	<u>\$ 67,161</u>	<u>\$ 20,299</u>	<u>\$ 262,078</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 8

Fiscal Year Ending **June 30, 2020**

Contract Number **CSPP 9288**

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 Years and Older Full-time-plus	86		86	1.1800	101.48
Three Years and Older Full-time	1,456		1,456	1.0000	1,456
Three Years and Older Three-quarters-time	2		2	0.7500	1.5
Three Years and Older One-half-time	12		12	0.6193	7.4316
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	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

Full Name of Contractor **North Marin Community Services**

Section 1 - Days of Enrollment Certified Children (continued)

	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				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
TOTAL DAYS OF ENROLLMENT	1,556		1,556	N/A	1,566.4116
DAYS OF OPERATION	240		240	N/A	N/A
DAYS OF ATTENDANCE	1,556		1,556	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3 and 4) and continue to Revenue Section on page 5.

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				2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus	62		62	1.1800	73.16
Three Years and Older Full-time	2,088		2,088	1.0000	2,088
Three Years and Older Three-quarters-time	91		91	0.7500	68.25
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0

Full Name of Contractor **North Marin Community Services**

Section 2 - Days of Enrollment Non-Certified Children (continued)

	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
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	2,241		2,241	N/A	2,229.41

Full Name of Contractor **North Marin Community Services**

Section 3 - Revenue

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	3,253		3,253
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	3,253		3,253
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Family Fees for Certified Children	8,336		8,336
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children	126,905		126,905
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue	138,494		138,494

Comments: Approved Emergency Closure credits applied + actual days of attendance (60) days and 12 days of operation added for days open from 03/16 to 03/31;

Full Name of Contractor **North Marin Community Services**

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	153,199		153,199
2000 Classified Salaries	99,704		99,704
3000 Employee Benefits	59,004		59,004
4000 Books and Supplies	7,724		7,724
5000 Services and Other Operating Expenses	50,807		50,807
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	3,484		3,484
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	373,922		373,922
Total Administrative Cost (included in Section 4 above)	67,161		67,161
Total Staff Training Cost (included in Section 4 above)	1,426		1,426

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

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	1,556		1,556
Days of Operation	240		240
Days of Attendance	1,556		1,556
Restricted Program Income	3,253		3,253
Transfer from Reserve			
Family Fees for Certified Children	8,336		8,336
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	373,922		373,922
Total Administrative Cost	67,161		67,161
Total Staff Training Cost	1,426		1,426

Total Certified Adjusted Days of Enrollment **1,566.4116**

Total Non-Certified Adjusted Days of Enrollment **2,229.41**

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): **Yes**

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): **Yes**

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

California Department of Education Audited Attendance and Fiscal Report for Child Development Programs

Fiscal Year Ending **June 30, 2020**

Contract Number **CCTR 9137**

Vendor Code **T266**

A U D 9500 Page 1 of 8

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				2.8792	0
Infants (up to 18 months) Full-time				2.4400	0
Infants (up to 18 months) Three-quarters-time				1.8300	0
Infants (up to 18 months) One-half-time				1.3420	0
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus	280		280	1.1800	330.4
Three Years and Older Full-time	375		375	1.0000	375
Three Years and Older Three-quarters-time	741		741	0.7500	555.75
Three Years and Older One-half-time	1,037		1,037	0.5500	570.35
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.8470	0

Full Name of Contractor **North Marin Community Services**

Section 1 - Days of Enrollment Certified Children (continued)

	Column A Cumulative CDNFS 9500	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				0.6050	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				0.6050	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
TOTAL CERTIFIED DAYS OF ENROLLMENT	2,433		2,433	N/A	1,831.5
DAYS OF OPERATION	250		250	N/A	N/A
DAYS OF ATTENDANCE	2,433		2,433	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-4) and continue to Revenue Section on page 5.

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				2.8792	0
Infants (up to 18 months) Full-time				2.4400	0
Infants (up to 18 months) Three-quarters-time				1.8300	0
Infants (up to 18 months) One-half-time				1.3420	0
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.5500	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.8470	0

Full Name of Contractor **North Marin Community Services**

Section 2 - Days of Enrollment Non-Certified Children (continued)

	Column A Cumulative CDNFS 9500	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				0.6050	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				0.6050	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT				N/A	0

Full Name of Contractor **North Marin Community Services**

Section 3 - Revenue

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	2,973		2,973
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	2,973		2,973
Transfer From Reserve			
Family Fees for Certified Children	2,952		2,952
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue	5,925		5,925

Comments:

Full Name of Contractor **North Marin Community Services**

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	32,887		32,887
2000 Classified Salaries	35,734		35,734
3000 Employee Benefits	12,484		12,484
4000 Books and Supplies	6,002		6,002
5000 Services and Other Operating Expenses	16,689		16,689
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	3,133		3,133
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	106,929		106,929
Total Administrative Cost (included in Section 4 above)	20,299		20,299
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Full Name of Contractor North Marin Community Services

Section 7 - Summary

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	2,433		2,433
Days of Operation	250		250
Days of Attendance	2,433		2,433
Restricted Program Income	2,973		2,973
Transfer from Reserve			
Family Fees for Certified Children	2,952		2,952
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	106,929		106,929
Total Administrative Cost	20,299		20,299
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment 1,831.5

Total Non-Certified Adjusted Days of Enrollment 0

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:

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

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): YES

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

California Department of Education Audited Attendance and Fiscal Report for Child Development Programs

Fiscal Year Ending **June 30, 2020**

Contract Number **CCTR 9140**

Vendor Code **T266**

A U D 9500 Page 1 of 8

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				2.8792	0
Infants (up to 18 months) Full-time				2.4400	0
Infants (up to 18 months) Three-quarters-time				1.8300	0
Infants (up to 18 months) One-half-time				1.3420	0
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus	135		135	1.1800	159.3
Three Years and Older Full-time	2,067		2,067	1.0000	2,067
Three Years and Older Three-quarters-time	627		627	0.7500	470.25
Three Years and Older One-half-time	3,777		3,777	0.5500	2,077.35
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.8470	0

Full Name of Contractor **North Marin Community Services**

Section 1 - Days of Enrollment Certified Children (continued)

	Column A Cumulative CDNFS 9500	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				0.6050	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				0.6050	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
TOTAL CERTIFIED DAYS OF ENROLLMENT	6,606		6,606	N/A	4,773.9
DAYS OF OPERATION	240		240	N/A	N/A
DAYS OF ATTENDANCE	6,606		6,606	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-4) and continue to Revenue Section on page 5.

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				2.8792	0
Infants (up to 18 months) Full-time	121		121	2.4400	295.24
Infants (up to 18 months) Three-quarters-time				1.8300	0
Infants (up to 18 months) One-half-time				1.3420	0
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time	425		425	1.8000	765
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus	7		7	1.1800	8.26
Three Years and Older Full-time	2,400		2,400	1.0000	2,400
Three Years and Older Three-quarters-time	551		551	0.7500	413.25
Three Years and Older One-half-time	6,858		6,858	0.5500	3,771.9
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.8470	0

Full Name of Contractor **North Marin Community Services**

Section 2 - Days of Enrollment Non-Certified Children (continued)

	Column A Cumulative CDNFS 9500	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				0.6050	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				0.6050	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	10,362		10,362	N/A	7,653.65

Full Name of Contractor **North Marin Community Services**

Section 3 - Revenue

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	18,772		18,772
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	18,772		18,772
Transfer From Reserve			
Family Fees for Certified Children	19,220		19,220
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children	467,826		467,826
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue	505,818		505,818

Comments: Approved Emergency Closure credits applied + actual days of attendance (252) days and 12 days of operation added for days open from 03/16 to 03/31;

Full Name of Contractor **North Marin Community Services**

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	238,216		238,216
2000 Classified Salaries	304,135		304,135
3000 Employee Benefits	102,536		102,536
4000 Books and Supplies	57,662		57,662
5000 Services and Other Operating Expenses	134,688		134,688
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	27,180		27,180
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	864,417		864,417
Total Administrative Cost (included in Section 4 above)	174,618		174,618
Total Staff Training Cost (included in Section 4 above)	1,834		1,834

Approved Indirect Cost Rate:

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Full Name of Contractor **North Marin Community Services**

Section 7 - Summary

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	6,606		6,606
Days of Operation	240		240
Days of Attendance	6,606		6,606
Restricted Program Income	18,772		18,772
Transfer from Reserve			
Family Fees for Certified Children	19,220		19,220
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	864,417		864,417
Total Administrative Cost	174,618		174,618
Total Staff Training Cost	1,834		1,834

Total Certified Adjusted Days of Enrollment **4,773.9**

Total Non-Certified Adjusted Days of Enrollment **7,653.65**

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:

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

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): **YES**

Include any comments in the comments box on page 5. 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, 2020

	Reported Adjusted, Allowed	Cost	Revenue	Adjustments	Earned
Breakfast					
Free	1,719	\$ 1.84	\$ 3,163	-	\$ 3,163
Reduced	498	1.54	767	-	767
Base	3,596	0.31	1,115	-	1,115
Total	<u>5,813</u>		<u>5,045</u>		<u>5,045</u>
Lunch					
Free	2,284	3.41	7,788	-	7,788
Reduced	721	3.01	2,170	-	2,170
Base	4,689	0.32	1,500	-	1,500
Total	<u>7,694</u>		<u>11,459</u>		<u>11,459</u>
Supplements					
Free	5,423	0.94	5,098	-	5,098
Reduced	1,749	0.47	822	-	822
Base	9,347	0.08	748	-	748
Total	<u>16,519</u>		<u>6,667</u>		<u>6,667</u>
Cash-in-lieu	<u>7,694</u>	0.2375	<u>1,827</u>		<u>1,827</u>
Total Federal reimbursement			<u>\$ 24,999</u>		<u>24,999</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, 2020

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	48	48	48	48	48	48	48	48	48	-	-	48
Reduced	16	16	16	15	15	15	15	15	15	-	-	15
Basic	<u>89</u>	<u>89</u>	<u>89</u>	<u>78</u>	<u>78</u>	<u>78</u>	<u>78</u>	<u>78</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>78</u>
Total	<u>153</u>	<u>153</u>	<u>153</u>	<u>141</u>	<u>141</u>	<u>141</u>	<u>141</u>	<u>141</u>	<u>141</u>	<u>-</u>	<u>-</u>	<u>141</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, 2020

	July	August	September	October	November	December	January	February	March	April	May	June
Breakfast												
Total	648	719	644	692	605	609	713	693	337	-	-	153
Free	212	234	213	194	168	172	199	197	93	-	-	37
Reduced	44	50	36	67	58	59	69	68	33	-	-	14
Base	392	435	395	431	379	378	445	428	211	-	-	102
Lunch												
Total	1,693	1,443	497	514	648	616	689	695	269	-	-	630
Free	531	457	170	125	182	168	182	192	65	-	-	212
Reduced	178	139	12	47	63	59	65	67	24	-	-	67
Base	984	847	315	342	403	389	442	436	180	-	-	351
Supplements												
Total	1,650	1,909	2,077	2,048	1,718	1,717	2,018	1,778	986	-	-	618
Free	518	598	650	693	578	576	676	594	331	-	-	209
Reduced	173	202	224	217	181	182	213	187	104	-	-	66
Base	959	1109	1203	1138	959	959	1,129	997	551	-	-	343

**All meals are reported, adjusted and allowed

See notes to supplemental information

NORTH MARIN COMMUNITY SERVICES
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2020

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 2018-2020 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 Organization 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 Organization 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 of
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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2020.

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.

November 5, 2020
Santa Rosa, CA

NORTH MARIN COMMUNITY SERVICES
SCHEDULE OF AUDITOR'S RESULTS, FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued	UNMODIFIED
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Internal control over financial reporting:

Material weaknesses identified?	NO
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Significant deficiencies identified that are not considered to be material weaknesses?	NO
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Non-compliance material to financial statements noted?	NO
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FINDINGS AND QUESTIONED COSTS

Financial Statement Audit findings or questioned costs?	NO
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