

**NORTH MARIN
COMMUNITY SERVICES**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS



NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
TABLE OF CONTENTS

	Page
GENERAL INFORMATION	1-1
FINANCIAL SECTION	
Independent Auditors' Report	2-1
Financial Statements:	
Statement of Financial Position	2-5
Statement of Activities	2-6
Statement of Functional Expenses	2-7
Statement of Cash Flows	2-8
Notes to Financial Statements	2-9
SUPPLEMENTAL INFORMATION	
Combining Schedule of Financial Position	3-1
Combining Schedule of Activities	3-2
Schedule of Claimed Equipment Expenditures	3-3
Schedule of Claimed Expenditures for Renovations and Repairs	3-4
Schedule of Claimed Administrative Costs	3-5
Schedule of Expenditures by State Categories	3-6
Notes to the Child Care and Development Program Supplemental Information	3-7
AUDITED FINAL ATTENDANCE AND FISCAL REPORT FORMS	4-1
INFORMATION REQUIRED BY THE CALIFORNIA DEPARTMENTS OF EDUCATION AND SOCIAL SERVICES	
Independent Auditors' Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	5-1
Schedule of Expenditures of Federal and State Awards	5-3
Notes to Schedule of Expenditures of Federal and State Awards	5-4
Schedule of Findings and Questioned Costs	5-5
Schedule of Current and Prior Years Findings and Questioned Costs	5-6

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
GENERAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Organization Name:	North Marin Community Services
Program Numbers/Type	CCTR-1147 General Child Care & Development CSPP-1289 California State Preschool 2T-T266-00 Child and Adult Care Food Program
Type of Organization:	A California Non-Profit Corporation
Organization Address:	680 Wilson Avenue Novato, California 94947
Name and Address of Chief Executive Officer:	Cheryl Paddack 680 Wilson Avenue Novato, California 94947
Telephone Number:	(415) 892-1643
Period Covered by Examination:	July 1, 2021 through June 30, 2022
Number of Days of Organization Operation:	245 days
Scheduled Hours of Operation Each Day:	Number of Hours Open - 9 hours 8:00 a.m. - 5:00 p.m.



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AN ACCOUNTANCY CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
North Marin Community Services (the Organization)
(A California Non-Profit Corporation)
Novato, California

Opinion

We have audited the accompanying financial statements of North Marin Community Services (A California Non-Profit Corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of North Marin Community Services as of June 30, 2022 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Marin Community Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of Accounting Pronouncement

As described in Note 2 to the financial statements, North Marin Community Services has adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Marin Community Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 North Marin Community Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Marin Community Services' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

Another auditor previously audited North Marin Community Services' 2021 financial statements and they expressed an unmodified audit opinion on those audited financial statements in their report dated October 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of North Marin Community Services.

INDEPENDENT AUDITORS' REPORT (Continued)

Other Matters

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Schedule of Financial Position, Combining Schedule of Activities, Schedule of Claimed Equipment Expenditures, Schedule of Claimed Expenditures for Renovations and Repairs, Schedule of Claimed Administrative Costs, Schedule of Expenditures by State Categories, Notes to the Child Care and Development Program Supplemental Information and Audited Final Attendance and Fiscal Report Forms are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining Schedule of Financial Position, Combining Schedule of Activities, Schedule of Claimed Equipment Expenditures, Schedule of Claimed Expenditures for Renovations and Repairs, Schedule of Claimed Administrative Costs, Schedule of Expenditures by State Categories, Notes to the Child Care and Development Program Supplemental Information and Audited Final Attendance and Fiscal Report Forms are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and in conformity with the Audit Guide for Audits of Child Development and Nutrition Programs issued by the *California Departments of Education and Social Services (CDE & CDSS Audit Guide)*. Such information has been subjected to the auditing procedures applied in the audit of the financial statements 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 Combining Schedule of Financial Position, Combining Schedule of Activities, Schedule of Claimed Equipment Expenditures, Schedule of Claimed Expenditures for Renovations and Repairs, Schedule of Claimed Administrative Costs, Schedule of Expenditures by State Categories, Notes to the Child Care and Development Program Supplemental Information and Audited Final Attendance and Fiscal Report Forms are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and State Awards, as required by the Audit Guide for Audits of Child Development and Nutrition Programs issued by the *California Departments of Education and Social Services (CDE & CDSS Audit Guide)*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements 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 financial statements as a whole.

INDEPENDENT AUDITORS' REPORT (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022, 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, grant agreements, and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Marin Community Services' 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.

Vorwin, Hayn + Co.

Calabasas, California
September 28, 2022

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
ASSETS						
Cash and cash equivalents	\$ 819,795	\$ 2,191,080	\$ 3,010,875	\$ 682,318	\$ 1,935,236	\$ 2,617,554
Contacts, grants and other receivables	335,963	13,701	349,664	408,256	-	408,256
Unemployment trust reserve	70,091	-	70,091	70,310	-	70,310
Investments	3,961,170	-	3,961,170	4,643,605	-	4,643,605
Prepaid expenses	34,260	-	34,260	47,662	-	47,662
Property and equipment, net	639,550	-	639,550	655,432	-	655,432
Government funded assets	-	-	-	-	105,025	105,025
Total Assets	\$ 5,860,829	\$ 2,204,781	\$ 8,065,610	\$ 6,507,583	\$ 2,040,261	\$ 8,547,844
LIABILITIES						
Accounts payable	\$ 23,289	\$ -	\$ 23,289	\$ 42,615	\$ -	\$ 42,615
Accrued payroll and related liabilities	175,761	-	175,761	133,327	-	133,327
Accrued personal time off	174,953	-	174,953	196,574	-	196,574
Unemployment trust reserve	70,091	-	70,091	70,310	-	70,310
Paycheck Protection Program Loan	-	-	-	502,500	-	502,500
Fee Payable - In lieu of	35,000	-	35,000	35,000	-	35,000
Total Liabilities	479,094	-	479,094	980,326	-	980,326
NET ASSETS						
Without donor restrictions:						
Board Designated:						
Investment Fund	3,961,170	-	3,961,170	4,643,605	-	4,643,605
Total Designated Funds	3,961,170	-	3,961,170	4,643,605	-	4,643,605
Undesignated Funds	1,420,565	-	1,420,565	883,652	-	883,652
Total without donor restrictions	5,381,735	-	5,381,735	5,527,257	-	5,527,257
With donor restrictions	-	2,204,781	2,204,781	-	1,935,236	1,935,236
Government funded assets	-	-	-	-	105,025	105,025
Total Net Assets	5,381,735	2,204,781	7,586,516	5,527,257	2,040,261	7,567,518
Total Liabilities and Net Assets	\$ 5,860,829	\$ 2,204,781	\$ 8,065,610	\$ 6,507,583	\$ 2,040,261	\$ 8,547,844

See accompanying auditors' reports and notes to financial statements.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT						
Foundations and grants	\$ 800,981	\$ 853,410	\$ 1,654,391	\$ 761,626	\$ 1,042,121	\$ 1,803,747
State apportionments	545,002	-	545,002	681,855	-	681,855
Contracts	1,684,100	10,000	1,694,100	1,032,012	-	1,032,012
Contributions	585,088	483,999	1,069,087	683,536	435,863	1,119,399
Paycheck Protection Program Loan forgiveness	502,500	-	502,500	-	-	-
In-kind contributions	558,290	-	558,290	986,614	-	986,614
Legacy circle	23,366	-	23,366	7,393	-	7,393
Total Support	4,699,327	1,347,409	6,046,736	4,153,036	1,477,984	5,631,020
REVENUE						
Program service fees	739,786	-	739,786	550,095	-	550,095
Special events and fundraising	1,068	127,665	128,733	-	16,480	16,480
Rental and other income	6,984	-	6,984	3,451	-	3,451
Total Revenue	747,838	127,665	875,503	553,546	16,480	570,026
Net assets released from restrictions	1,205,529	(1,205,529)	-	1,123,630	(1,123,630)	-
Total support, revenue and restrictions released	6,652,694	269,545	6,922,239	5,830,212	370,834	6,201,046
EXPENSES						
Program Services:						
Child development	1,343,965	-	1,343,965	1,145,803	-	1,145,803
Mental health and wellness	1,031,786	-	1,031,786	704,973	-	704,973
Latine services	241,803	-	241,803	191,408	-	191,408
Case management, health and safety	2,396,932	-	2,396,932	2,633,677	-	2,633,677
Total Program Expenses	5,014,486	-	5,014,486	4,675,861	-	4,675,861
Support Services:						
General administration and plant	722,532	-	722,532	776,131	-	776,131
Fundraising	418,280	-	418,280	384,999	-	384,999
Total Support Services	1,140,812	-	1,140,812	1,161,130	-	1,161,130
Total Expenses	6,155,298	-	6,155,298	5,836,991	-	5,836,991
NON-OPERATING CHANGES						
Realized gain(loss) on investments	30,804	-	30,804	48,031	-	48,031
Unrealized gain(loss) on investments	(775,833)	-	(775,833)	753,280	-	753,280
Investment income	102,111	-	102,111	110,995	-	110,995
Total non-operating changes	(642,918)	-	(642,918)	912,306	-	912,306
CHANGE IN NET ASSETS	(145,522)	269,545	124,023	905,527	370,834	1,276,361
NET ASSETS - beginning of year	5,527,257	2,040,261	7,567,518	4,621,730	1,669,427	6,291,157
Government funded assets - reclassification	-	(105,025)	(105,025)	-	-	-
NET ASSETS - end of year	\$ 5,381,735	\$ 2,204,781	\$ 7,586,516	\$ 5,527,257	\$ 2,040,261	\$ 7,567,518

See accompanying auditors' reports and notes to financial statements.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	Programs					Support Services			2022	2021
	Child Development	Mental Health and Wellness	Latine Services	Case Management, Health and Safety	Total Program Expenses	General Administration and Plant	Fund Development	Total Support Expenses	Total Expenses	Total Expenses
Salaries and related expenses:										
Salaries	\$ 941,634	\$ 773,523	\$ 162,503	\$ 834,056	\$ 2,711,716	\$ 449,714	\$ 288,493	\$ 738,207	\$ 3,449,923	\$ 2,763,050
Payroll Taxes	68,464	57,401	12,648	72,619	211,132	19,267	20,575	39,842	250,974	204,451
Employee Benefits	92,104	39,045	9,583	69,834	210,566	47,580	12,506	60,086	270,652	225,251
	1,102,202	869,969	184,734	976,509	3,133,414	516,561	321,574	838,135	3,971,549	3,192,752
Operating expenses:										
Professional Services	15,774	12,270	2,443	98,487	128,974	31,378	21,704	53,082	182,056	196,885
Computer & Tech Support	26,467	22,274	4,138	18,046	70,925	24,182	8,111	32,293	103,218	100,739
Repairs and Maintenance	12,276	5,419	1,070	5,196	23,961	21,130	978	22,108	46,069	53,867
Insurance	23,524	18,378	3,726	16,251	61,879	7,891	3,388	11,279	73,158	66,537
Occupancy	22,715	18,079	3,741	16,586	61,121	7,910	1,013	8,923	70,044	69,938
Telephone	12,091	12,147	1,883	8,528	34,649	4,112	1,735	5,847	40,496	40,107
Postage & Printing	1,174	972	562	3,591	6,299	92	17,268	17,360	23,659	20,556
Supplies	19,041	9,651	6,312	23,667	58,671	4,148	11,127	15,275	73,946	50,379
Food Supplies	34,737	2,548	3,307	10,248	50,840	3,979	14,522	18,501	69,341	48,529
Travel & Transportation	29,525	31	877	409	30,842	144	-	144	30,986	10,762
Advertising & Marketing	233	-	-	-	233	689	881	1,570	1,803	2,171
Equipment & Rental	12,810	20,333	1,880	31,798	66,821	4,412	5,973	10,385	77,206	29,655
Dues & Fees, Subscriptions & Prof Dev	9,977	6,840	1,839	3,469	22,125	68,721	4,539	73,260	95,385	38,817
Direct Client Assistance	-	-	-	577,929	577,929	-	-	-	577,929	782,826
Other Operating Expenses	2,635	17,222	20,908	35,405	76,170	18,456	1,710	20,166	96,336	68,125
In-Kind, Food Supplies	-	-	-	558,290	558,290	-	-	-	558,290	986,614
	222,979	146,164	52,686	1,407,900	1,829,729	197,244	92,949	290,193	2,119,922	2,566,507
Total salaries, related expenses and operating expenses	1,325,181	1,016,133	237,420	2,384,409	4,963,143	713,805	414,523	1,128,328	6,091,471	5,759,259
Depreciation	18,784	15,653	4,383	12,523	51,343	8,727	3,757	12,484	63,827	77,732
Total Expenses	<u>\$ 1,343,965</u>	<u>\$ 1,031,786</u>	<u>\$ 241,803</u>	<u>\$ 2,396,932</u>	<u>\$ 5,014,486</u>	<u>\$ 722,532</u>	<u>\$ 418,280</u>	<u>\$ 1,140,812</u>	<u>\$ 6,155,298</u>	<u>\$ 5,836,991</u>

See accompanying auditors' reports and notes to financial statements.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 124,023	\$ 1,276,361
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	63,827	77,732
Rounding adjustment	1	-
Forgiveness of Paycheck Projection Program loan	(502,500)	-
Realized gain(loss) on investments	(30,804)	(48,031)
Unrealized gain(loss) on investments	775,833	(753,280)
(Increase)decrease in:		
Contacts, grants and other receivables	58,592	110,861
Unemployment trust reserve	218	(4,847)
Prepaid expenses	13,402	26,390
Increase(decrease) in:		
Accounts payable	(19,326)	1,763
Accrued payroll and related liabilities	42,434	28,136
Accrued personal time off	(21,621)	34,372
Unemployment trust reserve	(219)	4,847
Fee Payable - In lieu of	-	-
Total adjustments	<u>379,837</u>	<u>(522,057)</u>
Net Cash Provided (Used) by Operating Activities:	503,860	754,304
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Purchases of property and equipment	(47,945)	(236,517)
Proceeds from sale of investments	513,113	536,254
Purchase of investments	<u>(575,707)</u>	<u>(615,283)</u>
Cash Provided (Used) by Investing Activities:	(110,539)	(315,546)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	393,322	438,758
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,617,554</u>	<u>2,178,796</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,010,875</u></u>	<u><u>\$ 2,617,554</u></u>
Non-cash supplemental information:		
In-kind contributions	<u><u>\$ 558,290</u></u>	<u><u>\$ 986,614</u></u>

See accompanying auditors' reports and notes to financial statements.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. ORGANIZATION

North Marin Community Services (Organization) was incorporated in 1972 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 North Marin Community Services on January 1, 2018. Their mission is to empower youth, adults, and families in our diverse community to achieve well-being, growth, and success. The Organization provides trauma-informed, integrated and culturally appropriate services annually to 10,579 people in need. The whole family approach ensures individuals and families have access to comprehensive, trauma informed support designed to foster resiliency and strengthen community. Their pathways to programs approach ensures participants will be assessed for all programs and services, no matter which door they enter through.

As the anchor human services nonprofit serving North Marin, their multi-service Organization is called upon to address health disparities of children, adults, families, aging adults, and immigrants. In striving for continuous improvement, the Organization sets yearly goals that coincide with a three-year strategic plan. The Organization also listens to the feedback of those they serve and who are affected by the programs, and regularly administers satisfaction surveys. Through these mechanisms, the Organization can measure life-changing impacts that result from providing services through four program areas: Case Management, Mental Health & Wellness, Latine Services and Child Development. Given the vast geographic spread of Novato residents, under-resourced communities are not concentrated into one geographical location. The Organization therefore utilizes effective outreach and service delivery strategies at their two centers (680 Wilson Ave, 1907 Novato Blvd), on Novato Unified School District campuses, at the Novato Teen Clinic (a partnership with Marin Community Clinics), remotely through telemental health, Zoom and by phone, and in the community. As part of their strategic direction, the Organization is committed to advocating for policies and services that benefit underserved communities and promote racial justice. Funding comes from diverse sources including program fees, government grants and contracts, foundation grants, family, and donor-advised funds, and individual, business and service club donations. North Marin Community Services believes that everyone deserves a chance to succeed in a strong community with opportunities for all.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by the Organization are described below to enhance the usefulness and understandability of the financial statements.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Net assets without donor restrictions.* Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Net assets with donor restrictions.* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period or are limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The Organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as donor restricted until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use. Net assets with donor restrictions at June 30, 2022 were \$2,204,781.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

Other Basis of Presentation Policies

Revenues or support are reported as increases in net assets without donor restrictions unless subject to donor-imposed restrictions. If net assets with donor restrictions are fulfilled in the same time period the revenue or support is received, the Organization reports the revenue or support as net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless restricted by explicit donor stipulation or by law.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash and Cash Equivalents

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. The Organization maintains its cash balances in one financial institution. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization uses a sweep account to increase FDIC coverage. At June 30, 2022 the Organization's uninsured cash balances total was \$1,112,210.

Contracts, Grants and Other Receivables

Receivables consist of contracts, grants and other receivables and are stated at the amount management expects to collect from outstanding balances. Receivables are primarily unsecured amounts due on cost reimbursement or performance contracts. Any amount that is denied for reimbursement is written off when the Organization receives notification from the grantor Organization. The Organization uses the allowance method of accounting for receivables determined to be potentially uncollectable. In management's opinion, all contracts and accounts receivable were collectible at year-end. No allowance for doubtful accounts for the receivables was considered necessary at June 30, 2022.

Unemployment Trust Reserve

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.

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 reflected in the statement of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by donor stipulations or by law.

Board Designated Investments

Board designated investments, which are resources set aside by the Board of Directors for an indeterminate period to operate in a manner similar to a donor-restricted permanent endowment. Because a board-designated endowment results from an internal designation, it can be spent upon action of the Board of Directors.

Prepaid Expenses

Prepaid insurance, deposits and other costs are expensed ratably over their respective terms of agreement.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment, Net

Land, buildings, property, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land, buildings, and property are capitalized. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings and building improvements	3 to 30 years
Equipment	3 to 10 years
Furniture and fixtures	3 to 10 years
Vehicles	5 to 7 years

The Organization reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended June 30, 2022.

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 the estimated useful lives of the respective assets.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due and, therefore, are reported as net assets with donor restrictions until the payment is due unless, the contribution is clearly intended to support activities of the current fiscal year or is received with donor restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional; that is, until all conditions on which they depend are substantially met.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Adopted Accounting Pronouncement

In September 2020, the FASB amended guidance regarding the way nonprofit organizations report nonfinancial assets, including donated goods and rent, in-kind professional services, etc. The amendment requires contributed nonfinancial assets to be presented separately from cash and other financial assets on the statement of activities, and the footnote disclosure must include a dis-aggregation by type, donor restrictions, if applicable, and other details about the nature and valuation of the nonfinancial assets received. The new standard is effective for fiscal years beginning after June 15, 2021, and could have an impact on the Foundation's reporting of contributed nonfinancial assets. During the year ended June 30, 2022 the Organization adopted Accounting Standards Update, ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*.

Contributed Goods and Services

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization's program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. During the year ended June 30, 2022 in-kind contributions in the amount of \$558,290 were related to food pantry donations.

Government Revenue

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, The Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

In addition, all CDE / CDSS Contracts are considered revenue, except for one-time only grants. One-time only grants are considered as support.

Revenue Recognition

Revenues from government agencies, program service fees, and other third-party payors for services provided under such contracts are recognized when earned by the Organization. All gifts, bequests, and other public support are included in net assets without donor restrictions unless specifically restricted by the donor or the terms of the gift or grant instrument. Amounts received in excess of balances earned are recognized as liabilities in Contracts Payable.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

The Organization has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2022, the Organization had no material unrecognized tax benefits, tax penalties or interest.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30, 2021, 2020, and 2019, are subject to examination by the IRS, generally for 3 years after they were filed.

The Organization's Forms 199, *California Exempt Organization Return*, for each of the tax years ended June 30, 2021, 2020, 2019, and 2018, are subject to examination by the Franchise Tax Board, generally for 4 years after they were filed.

Expense Recognition and Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Organization uses direct usage to allocate indirect costs.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. There were no fundraising costs for the year ended June 30, 2022.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, or 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.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2021 comparative totals have been reclassified to conform with the 2022 reporting format.

Comparative Totals

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, 2021, from which the summarized information was derived.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments. The equities, mutual funds and exchange traded funds are valued at quoted market prices, which represent the net asset value of shares held by the Organization at year-end.

The carrying amounts of liabilities approximate fair value because of the relatively short maturity of these financial instruments.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(CONTINUED)

3. INVESTMENTS

Investments

The Organization measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires the Organization to develop its own assumptions. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All assets reported at fair value at June 30, 2022, are Level 1 and Level 2 inputs.

Investments consist of the following at June 30, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Bond funds	\$ 475,267	\$ 475,267	\$ -
Equity funds	422,756	422,756	-
Exchange traded funds	1,088,388	1,088,388	-
Fixed income	467,314	467,314	-
Money market, bank sweep and cash reinvested	<u>226,658</u>	<u>-</u>	<u>226,658</u>
Total investments	<u>\$ 2,680,383</u>	<u>\$ 2,453,725</u>	<u>\$ 226,658</u>

At June 30, 2022, the Organization does not have any investments measured using Level 3 inputs.

The composition of the investment return reported in the statement of activities at June 30, 2022 is as follows:

	<u>Amount</u>
Investment and dividend income	\$ 89,634
Realized gain(loss) on investments	30,804
Unrealized gain (loss) on investments	<u>(529,844)</u>
Total investment return	<u>\$ 409,406</u>

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

3. INVESTMENTS - Continued

Funds Held by Others – Marin Community Foundation

The Organization entered into an agreement with Marin Community Foundation (the “Foundation”), whereby the Foundation held a board designated investment fund (the “Fund”) for the Organization to be used for various purposes. The Organization is named as the beneficiary of the Fund and receives income earned on the Fund. The Organization has the discretion to distribute the Fund and any future earnings for broad charitable uses and purposes of the Organization. At June 30, 2022, the Organization had a beneficial interest in the Fund and is stated at fair value as a Level 2 classification. Investments are made up of pooled expendable funds held by the Foundation, stocks, mutual funds, treasury funds and certificates of deposits and are reported at their fair values in the statement of financial position. The Fund’s fair market value at June 30, 2022 was of \$1,280,787. The composition is as follows using Level 2 inputs:

	Amount
Beginning balance	\$ 1,523,964
Contributions	-
Dividends and interest reinvested	12,477
Unrealized gain(loss) on investments	(245,989)
Less - investment fees	(9,665)
Total	<u>\$ 1,280,787</u>

4. PROPERTY AND EQUIPMENT, NET

	Amount
Buildings and building improvements	\$ 3,527,188
Equipment	141,917
Furniture and fixtures	256,496
Land	195,560
Vehicles	<u>314,528</u>
	4,435,689
Less Accumulated Depreciation	<u>(3,796,139)</u>
Total	<u>\$ 639,550</u>

Total depreciation expense for the year ended June 30, 2022 was \$63,827.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(CONTINUED)

5. ACCRUED PERSONAL TIME OFF

Accrued personal time off is accrued on a monthly basis. Full-time and Part-time employees accrue personal time off based upon years of service to the Organization as follows:

<u>Time Employed</u>	<u>Maximum Accrual</u>
0 -3 months	6 hours earned per month
4 months to 5 Years	12 hours earned per month
After 5 Years	15 hours earned per month
After 10 Years	17 hours earned per month
After 15 Years	19 hours earned per month

Accrued personal time off will be paid at the time of termination. Total accrued personal time off at June 30, 2022, was \$174,953.

6. FEE PAYABLE - IN LIEU OF

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’s 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.

7. LINE OF CREDIT PAYABLE

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 (4.75 percent per annum at June 30, 2022) 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, 2024. The Organization had no borrowings under the line as of June 30, 2022.

8. 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. During the year ended June 30, 2022 the Organization contributed up to 2 percent match to the 403b retirement account totaling \$38,084.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(CONTINUED)

9. LEASE COMMITMENTS

The Organization has equipment leases and maintenance contracts expiring August 1, 2026. Future minimum payments under operating leases are as follows:

<u>Year Ending June 30,:</u>	<u>Equipment</u>
2022	\$ 11,335
2023	11,335
2024	11,335
2025	11,335
2026	2,310
Thereafter	<u>-</u>
Total future principal payments	<u>\$ 47,650</u>

The total equipment rental expense for the year ended June 30, 2022 was \$11,335.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are part of the net assets of the Organization resulting from contributions and other inflows of assets whose use by the Organization is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Net assets with donor restrictions were released by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by donors. Net assets with donor restrictions at June 30, 2022, consist of amounts restricted by donor-imposed stipulations.

The activity for the year ended June 30, 2022 is as follows:

<u>Funding Source</u>	<u>Balance at 6/30/21</u>	<u>Income</u>	<u>Expenditures</u>	<u>Balance at 6/30/22</u>
Child Development	\$ 209,537	\$ 33,710	\$ (86,352)	\$ 156,895
Health and Wellness	184,326	364,577	(125,000)	423,903
Family and Community Engagement	1,074,530	534,222	(527,334)	1,081,418
Government Funded Assets	105,025	-	(105,025)	-
Operating Funds	<u>466,843</u>	<u>542,565</u>	<u>(466,843)</u>	<u>542,565</u>
Total	<u>\$ 2,040,261</u>	<u>\$ 1,475,074</u>	<u>\$(1,310,554)</u>	<u>\$ 2,204,781</u>

A major portion of the net assets with donor restrictions is due to multiyear grants received during the year ended June 30, 2022.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(CONTINUED)

11. IN-KIND CONTRIBUTIONS

The Organization receives in-kind donations in the form of food contributions. The donor valued the food at \$558,290 retail value for the year ended June 30, 2022.

In-Kind Contributions Valuation Techniques & Inputs

Food contributions are valued at the estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the U.S.

Donor Restrictions

There were no donor restrictions on any in-kind contributions received during the year ended June 30, 2022.

Monetization of In-Kind Contributions

The Organization does not sell donated in-kind contributions and only distributes goods or uses the services for program use.

12. CONTINGENCIES

Contracts and Grants

The Organization has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

COVID-19

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time.

Due to COVID-19, the Organization has served more clients in various programs. Since the March 16, 2020 COVID-19 Shelter In Place order, and continuing through 2021, the demand for basic needs services increased dramatically. In particular, the Organization was called upon to ensure access to emergency rental assistance, healthy food, direct financial assistance, childcare for children of essential workers, and mental health therapy. As the anchor human services nonprofit in North Marin, the Organization remained open during the pandemic to provide services onsite, including a weekly drive-through food pantry, virtually and hybrid.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(CONTINUED)

13. CHILD AND ADULT CARE FOOD PROGRAM

The Organization has a nutrition agreement with CDSS for Child and Adult Care Food Programs, as reported in the Schedule of Expenditures of Federal and State Awards. However, no nutrition audit report schedules are included in the audit because (1) the audit disclosed no nutrition overpayments, underpayments, or program findings; (2) the contractor did not request reimbursement of audit costs; and (3) the audit is not a program-specific nutrition audit.

14. LIQUIDITY AND FUNDS AVAILABLE

The total financial assets held by the Organization at June 30, 2022 and the amount of those financial assets that could be made available for general expenditure within one year of the date of the statement of financial position are summarized in the following table:

	<u>June 30, 2022</u>
Financial assets:	
Cash and cash equivalents	\$ 3,010,875
Contracts, grants and other receivables	349,664
Investments	<u>3,961,170</u>
Total financial assets	7,321,709
Less those unavailable for general expenditures within one year due to:	
Less Board Designated Investment Fund	(3,961,170)
Less With Donor Restrictions	<u>(2,204,781)</u>
Total unavailable funds	<u>(6,165,951)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,155,758</u>

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.

The Organization's goal is generally to maintain financial assets to meet 45 days of operating expenses (approximately \$686,713). As part of its liquidity plan, the Organization bills government-funded contracts in accordance with funding terms and conditions. Amounts available for expenditure over the period of the next twelve months are dependent on the governmental funder's payment cycles, which vary from 30 to 60 days. The Organization has a \$150,000 line of credit available to meet cash flow needs.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(CONTINUED)

15. CONCENTRATION RISK

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The Organization deposits its cash with high quality financial institutions and management believes the organization is not exposed to significant credit risk on those amounts.

The Organization receives support from the state government equal to 35 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.

The Organization's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

16. SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to June 30, 2022, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 28, 2022, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
COMBINING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2022

	Without Donor Restrictions				
		Child			
	Operating	Development Programs	Without Donor Restrictions	With Donor Restrictions	2022 Totals
ASSETS					
Cash and cash equivalents	\$ 819,795	\$ -	\$ 819,795	\$ 2,191,080	\$ 3,010,875
Contacts, grants and other receivables	317,401	18,562	335,963	13,701	349,664
Unemployment trust reserve	70,091	-	70,091	-	70,091
Investments	3,961,170	-	3,961,170	-	3,961,170
Prepaid expenses	34,260	-	34,260	-	34,260
Property and equipment, net	639,550	-	639,550	-	639,550
Government funded assets	-	-	-	-	-
Total Assets	\$ 5,842,267	\$ 18,562	\$ 5,860,829	\$ 2,204,781	\$ 8,065,610
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable	\$ 23,289	\$ -	\$ 23,289	\$ -	\$ 23,289
Accrued payroll and related liabilities	129,498	46,263	175,761	-	175,761
Accrued personal time off	128,508	46,445	174,953	-	174,953
Unemployment trust reserve	70,091	-	70,091	-	70,091
Fee Payable - In lieu of	35,000	-	35,000	-	35,000
Total Liabilities	386,386	92,708	479,094	-	479,094
NET ASSETS					
Without donor restrictions:					
Board Designated:					
Investment Fund	3,961,170	-	3,961,170	-	3,961,170
Total Designated Funds	3,961,170		3,961,170	-	3,961,170
Undesignated Funds	1,494,711	(74,146)	1,420,565	-	1,420,565
Total without donor restrictions	5,455,881	(74,146)	5,381,735	-	5,381,735
With donor restrictions	-	-	-	2,204,781	2,204,781
Total Net Assets	5,455,881	(74,146)	5,381,735	2,204,781	7,586,516
Total Liabilities and Net Assets	\$ 5,842,267	\$ 18,562	\$ 5,860,829	\$ 2,204,781	\$ 8,065,610

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	CDE / CDSS Child Care					
	General Child Care	California State				
	& Development	Preschool	Child Care		Non-CDE / CDSS	2022
	CCTR-1147	CSPP-1289	Stipends	Totals	Programs	Totals
REVENUE AND SUPPORT						
<u>CDE / CDSS Government Contracts:</u>						
Child Care Programs	\$ 287,575	\$ 57,908		\$ 345,483	\$ -	\$ 345,483
Child Care Food Program	28,718	7,634		36,352	-	36,352
Child Care Stipends	-	-	28,900	28,900	-	28,900
Total CDE / CDSS Government Contracts	316,293	65,542	28,900	410,735	-	410,735
<u>Other Revenues:</u>						
Family Fees - Certified children	-	-	-	-	-	-
Family Fees - Non-Certified children	314,910	361,179	-	676,089	63,697	739,786
Grants and United way	-	-	-	-	1,788,658	1,788,658
Contributions	-	-	-	-	1,069,087	1,069,087
Paycheck Protection Program loan forgiveness	-	-	-	-	502,500	502,500
Contracts	-	-	-	-	1,694,100	1,694,100
Realized gain(loss) on investments	-	-	-	-	30,804	30,804
Unrealized gain(loss) on investments	-	-	-	-	(775,833)	(775,833)
Special events and fundraising	-	-	-	-	128,733	128,733
Investment income	-	-	-	-	102,111	102,111
Rental, other and legacy income	-	-	-	-	30,350	30,350
In-kind contributions	-	-	-	-	558,290	558,290
Net Assets Released from Restrictions	-	-	-	-	-	-
Total Revenue and Support:	631,203	426,721	28,900	1,086,824	5,192,497	6,279,321
EXPENSES						
Salaries	640,684	416,417	23,000	1,080,101	2,369,822	3,449,923
Payroll taxes and benefits	116,107	67,272	5,900	189,279	332,347	521,626
Instructional materials and Supplies	55,899	14,623	-	70,522	169,953	240,475
Repairs and Maintenance	-	-	-	-	46,069	46,069
Travel and Conferences	-	-	-	-	30,986	30,986
Insurance	-	-	-	-	73,158	73,158
Other services and operating expenses	133,079	61,999	-	195,078	975,866	1,170,944
In-Kind Expenses	-	-	-	-	558,290	558,290
Depreciation Expense	19,192	13,132	-	32,324	31,503	63,827
Total Expenses	964,961	573,443	28,900	1,567,304	4,587,994	6,155,298
CHANGE IN NET ASSETS	(333,758)	(146,722)	-	(480,480)	604,503	124,023

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2022

	General Child Care & Development CCTR-1147	California State Preschool CSPP-1289	Total Costs
	<hr/>	<hr/>	<hr/>
Capitalized equipment expensed on the AUD with prior written CDE / CDSS approval:			
Item:			
None	\$ -	\$ -	\$ -
Total:	-	-	-
 Capitalized equipment expensed on the AUD without prior written CDE /CDSS approval:			
Item:			
None	-	-	-
Total:	-	-	-
 Total Equipment Expenditures	 \$ -	 \$ -	 \$ -

North Marin Community Services' capitalization threshold is \$5,000 or more.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF CLAIMED EXPENDITURES FOR RENOVATIONS AND REPAIRS
FOR THE YEAR ENDED JUNE 30, 2022

	General Child Care & Development CCTR-1147	California State Preschool CSPP-1289	Total Costs
	<hr/>	<hr/>	<hr/>
Unit Cost Under \$10,000 Per Item:			
With Prior Written Approval:			
None	\$ -	\$ -	\$ -
Total:	-	-	-
Unit Cost \$10,000 or More Per Item			
With Prior Written Approval:			
None	-	-	-
Total:	-	-	-
Unit Cost \$10,000 or More Per Item			
Without Prior Approval:			
Item:			
None	-	-	-
Total:	-	-	-
Total Expenditures for Renovations and Repairs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

North Marin Community Services' capitalization threshold is \$5,000 or more.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF CLAIMED ADMINISTRATIVE COSTS
FOR THE YEAR ENDED JUNE 30, 2022

	General Child Care & Development CCTR-1147	California State Preschool CSPP-1289	Total Costs
Salaries and Wages	\$ 98,235	\$ 56,610	\$ 154,845
Fringe and Payroll Taxes	14,602	8,414	23,016
Supplies	1,775	1,023	2,798
Telephone	898	517	1,415
Professional Services	7,948	4,580	12,528
Insurance	1,724	993	2,717
Other Operating Expenses	23,818	12,734	36,552
Total Administrative Costs:	\$ 149,000	\$ 84,871	\$ 233,871

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2022

		General Child Care & Development CCTR-1147	California State Preschool CSPP-1289	Total Reimbursable
		<u> </u>	<u> </u>	<u> </u>
DIRECT PAYMENTS TO PROVIDERS		\$ -	\$ -	\$ -
1000	CERTIFICATED SALARIES	308,011	259,105	567,116
2000	CLASSIFIED SALARIES	332,673	157,312	489,985
3000	EMPLOYEE BENEFITS	116,107	67,272	183,379
4000	BOOKS AND SUPPLIES	55,899	14,623	70,522
5000	SERVICES/OTHER OPERATING EXPENSES	133,079	61,999	195,078
6100/6200	CAPITAL OUTLAY	-	-	-
6400	NEW EQUIPMENT (PROGRAM-RELATED)	-	-	-
6500	EQUIPMENT REPLACEMENT (PROGRAM-RELATED)	-	-	-
INTEREST EXPENSES		-	-	-
START-UP/CLOSE-DOWN EXPENSES		-	-	-
DEPRECIATION OR USE ALLOWANCE		19,192	13,132	32,324
INDIRECT COSTS		<u>-</u>	<u>-</u>	<u>-</u>
	Total Expenses Claimed for Reimbursement	\$ 964,961	\$ 573,443	\$ 1,538,404
SUPPLEMENTAL EXPENSES		<u>-</u>	<u>-</u>	<u>-</u>
	TOTAL EXPENDITURES	<u>\$ 964,961</u>	<u>\$ 573,443</u>	<u>\$ 1,538,404</u>

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO THE CHILD CARE AND DEVELOPMENT PROGRAM
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

In accordance with the applicable requirements from the Funding Terms & Conditions:

1. Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. The Organization had no interest expense claimed as a reimbursable expense for the year ended June 30, 2022. No interest expense relating to the line of credit was claimed to a child development contract for the year ended June 30, 2022.
2. All expenses claimed for reimbursement under a related party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. There was no related party rent expense claimed as a reimbursable expense for the year ended June 30, 2022.
3. Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2022.

AUDITED FINAL ATTENDANCE AND FISCAL REPORT FORMS

AUDITED ATTENDANCE AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS

Fiscal Year Ending **June 30, 2022**Contract Number **CCTR-1147**Vendor Code **T2260**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	
Infants (up to 18 months) Full-time				2.4400	
Infants (up to 18 months) Three-quarters-time (July to December 2021)				1.8300	
Infants (up to 18 months) One-half-time				1.3420	
Toddlers (18 up to 36 months) Full-time-plus				2.1240	
Toddlers (18 up to 36 months) Full-time				1.8000	
Toddlers (18 up to 36 months) Three-quarters-time (July to December 2021)				1.3500	
Toddlers (18 up to 36 months) One-half-time				0.9900	
Three Years and Older Full-time-plus				1.1800	
Three Years and Older Full-time	1,537		1,537	1.0000	1,537
Three Years and Older Three-quarters-time (July to December 2021)	183		183	0.7500	137.25
Three Years and Older One-half-time Total Standard Rate (July 2021 through June 2022)	1,911		1,911	0.5500	1,051.05
Three Years and Older One-half-time Total Direct Service Counties (January 2022 through June 2022)*	2,485		2,485	Direct Service Counties	1
Exceptional Needs Full-time-plus				1.8172	
Exceptional Needs Full-time				1.5400	
Exceptional Needs Three-quarters-time (July to December 2021)				1.1550	
Exceptional Needs One-half-time				0.8470	

Contract Number

CCTR-1147

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	
Limited and Non-English Proficient Full-time				1.1000	
Limited and Non-English Proficient Three-quarters-time (July to December 2021)				0.8250	
Limited and Non-English Proficient One-half-time				0.6050	
At Risk of Abuse or Neglect Full-time-plus				1.2980	
At Risk of Abuse or Neglect Full-time				1.1000	
At Risk of Abuse or Neglect Three-quarters-time (July to December 2021)				0.8250	
At Risk of Abuse or Neglect One-half-time				0.6050	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled Three-quarters-time (July to December 2021)				1.4475	
Severely Disabled One-half-time				1.0615	
TOTAL CERTIFIED DAYS OF ENROLLMENT	6,116		6,116	N/A	2,726.3
DAYS OF OPERATION	245		245	N/A	N/A
DAYS OF ATTENDANCE	6,116		6,116	N/A	N/A

*If applicable, must attach AUD9500S days of enrollment supplemental pages for direct service counties

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

Contract Number

CCTR-1147

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	
Infants (up to 18 months) Full-time				2.4400	
Infants (up to 18 months) Three-quarters-time (July to December 2021)				1.8300	
Infants (up to 18 months) One-half-time				1.3420	
Toddlers (18 up to 36 months) Full-time-plus				2.1240	
Toddlers (18 up to 36 months) Full-time				1.8000	
Toddlers (18 up to 36 months) Three-quarters-time (July to December 2021)				1.3500	
Toddlers (18 up to 36 months) One-half-time				0.9900	
Three Years and Older Full-time-plus				1.1800	
Three Years and Older Full-time	1,935		1,935	1.0000	1,935
Three Years and Older Three-quarters-time (July to December 2021)	351		351	0.7500	263.25
Three Years and Older One-half-time Total Standard Rate (July 2021 through June 2022)	3,212		3,212	0.5500	1,766.6
Three Years and Older One-half-time Total Direct Service Counties (January 2022 through June 2022)*	4,140		4,140	Direct Service Counties	1
Exceptional Needs Full-time-plus				1.8172	
Exceptional Needs Full-time				1.5400	
Exceptional Needs Three-quarters-time (July to December 2021)				1.1550	
Exceptional Needs One-half-time				0.8470	

*If applicable, must attach AUD9500S days of enrollment supplemental pages for direct service counties

Contract Number

CCTR-1147

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	
Limited and Non-English Proficient Full-time				1.1000	
Limited and Non-English Proficient Three-quarters-time (July to December 2021)				0.8250	
Limited and Non-English Proficient One-half-time				0.6050	
At Risk of Abuse or Neglect Full-time-plus				1.2980	
At Risk of Abuse or Neglect Full-time				1.1000	
At Risk of Abuse or Neglect Three-quarters-time (July to December 2021)				0.8250	
At Risk of Abuse or Neglect One-half-time				0.6050	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled Three-quarters-time (July to December 2021)				1.4475	
Severely Disabled One-half-time				1.0615	
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	9,638		9,638	N/A	3,965.85

Contract Number

CCTR-1147

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	28,178		28,178
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - American Rescue Plan Act (ARPA)			
Restricted Income - Other:			
Restricted Income - Subtotal	28,178		28,178
Transfer From Reserve			
Waived Family Fees for Certified Children	6,681		6,681
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children	314,910		314,910
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue	343,088		343,088

Comments:

Contract Number

CCTR-1147

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	308,011		308,011
2000 Classified Salaries	355,673		355,673
3000 Employee Benefits	122,007		122,007
4000 Books and Supplies	55,899		55,899
5000 Services and Other Operating Expenses	133,079		133,079
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	19,192		19,192
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	993,861		993,861
Total Administrative Cost (included in Section 4 above)	149,000		149,000
Total Staff Training Cost (included in Section 4 above)	2,340		2,340

Approved Indirect Cost Rate:

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

Contract Number

CCTR-1147

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	6,116		6,116
Days of Operation	245		245
Days of Attendance	6,116		6,116
Restricted Program Income	28,178		28,178
Transfer from Reserve			
Waived Family Fees for Certified Children	6,681		6,681
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	993,861		993,861
Total Administrative Cost	149,000		149,000
Total Staff Training Cost	2,340		2,340

Total Certified Adjusted Days of Enrollment

2,726.3

Total Non-Certified Adjusted Days of Enrollment

3,965.85

Independent auditor's assurances on agency's compliance with contract funding terms and conditions and program requirements for programs that transferred to the California Department of Social Services on July 1, 2021 pursuant to WIC Section 10203(b):

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 State Preschool Program – Form 1A

Certified Children Days of Enrollment and Attendance from July 2021 – December 2021

Pilot Program: None

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time	155		155	1.0000	155.0000
Three Years and Older Three-quarters-time			0	0.7500	0.0000
Three Years and Older One-half-time			0	0.6193	0.0000
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs Three-quarters-time			0	1.1550	0.0000
Exceptional Needs One-half-time			0	0.9537	0.0000
Limited and Non-English Proficient Full-time-plus			0	1.2980	0.0000
Limited and Non-English Proficient Full-time			0	1.1000	0.0000
Limited and Non-English Proficient Three-quarters-time			0	0.8250	0.0000
Limited and Non-English Proficient One-half-time			0	0.6193	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Three-quarters-time			0	0.8250	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6193	0.0000
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled Three-quarters-time			0	1.4475	0.0000
Severely Disabled One-half-time			0	1.1952	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	155	0	155	N/A	155.0000

Attendance	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	155		155	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

California State Preschool Program – Form 1B

Certified Children Days of Enrollment and Attendance from January 2022 – June 2022

Service County: Marin

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time	490		490	1.0000	490.0000
Three Years and Older One-half-time			0	0.6040	0.0000
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs One-half-time			0	0.9302	0.0000
Dual Language Learner Full-time-plus			0	1.2980	0.0000
Dual Language Learner Full-time			0	1.1000	0.0000
Dual Language Learner One-half-time			0	0.6040	0.0000
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6040	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled One-half-time			0	1.1657	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	490	0	490	N/A	490.0000

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	490		490	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

California State Preschool Program – Form 3A

Non-Certified Children Days of Enrollment from July 2021 – December 2021

Pilot Program: None

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus			0	2.1240	0.0000
Toddlers (18 up to 36 months) Full-time	2,112		2,112	1.8000	3,801.6000
Toddlers (18 up to 36 months) Three-quarters-time	113		113	1.3500	152.5500
Toddlers (18 up to 36 months) One-half-time			0	0.9900	0.0000
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time			0	1.0000	0.0000
Three Years and Older Three-quarters-time			0	0.7500	0.0000
Three Years and Older One-half-time			0	0.6193	0.0000
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs Three-quarters-time			0	1.1550	0.0000
Exceptional Needs One-half-time			0	0.9537	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus			0	1.2980	0.0000
Limited and Non-English Proficient Full-time			0	1.1000	0.0000
Limited and Non-English Proficient Three-quarters-time			0	0.8250	0.0000
Limited and Non-English Proficient One-half-time			0	0.6193	0.0000
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Three-quarters-time			0	0.8250	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6193	0.0000
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled Three-quarters-time			0	1.4475	0.0000
Severely Disabled One-half-time			0	1.1952	0.0000
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	2,225	0	2,225	N/A	3,954.1500

Enter the sum of Total Non-Certified Days of Enrollment from all Form 3s in the Total Non-Certified Days of Enrollment line of AUD 8501, Section 2.

California State Preschool Program – Form 3B

Non-Certified Children Days of Enrollment from January 2022 – June 2022

Service County: Marin

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus			0	2.1240	0.0000
Toddlers (18 up to 36 months) Full-time			0	1.8000	0.0000
Toddlers (18 up to 36 months) One-half-time			0	0.9900	0.0000
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time	3,305		3,305	1.0000	3,305.0000
Three Years and Older One-half-time			0	0.6040	0.0000
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs One-half-time			0	0.9302	0.0000
Dual Language Learner Full-time-plus			0	1.2980	0.0000
Dual Language Learner Full-time			0	1.1000	0.0000
Dual Language Learner One-half-time			0	0.6040	0.0000
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6040	0.0000

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled One-half-time			0	1.1657	0.0000
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	3,305	0	3,305	N/A	3,305.0000

Enter the sum of Total Non-Certified Days of Enrollment from all Form 3s in the Total Non-Certified Days of Enrollment line of AUD 8501, Section 2.

Contractor Name: North Marin Community Services

Contract Number: CSPP-1289

**California Department of Education
Audited Enrollment, Attendance and Fiscal
Report for California State Preschool Program**

Fiscal Year Ended: June 30, 2022

Vendor Code: T2660

Section 1 – Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form 1): **1**

Number of counties where the agency provided mental health consultation services to certified children (Form 2): **0**

Number of counties where the agency provided services to non-certified children (Form 3): **1**

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **0**

Total enrollment and attendance forms to attach: **4**

Note: For each of the above categories, submit one July-December form and one form for each service county for January-June.

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	645	0	645	490.0000
Total Certified Days of Enrollment with Mental Health Consultation Services			0	
Days of Attendance (including MHCS)	645		645	N/A
Total Non-Certified Days of Enrollment			0	
Total Non-Certified Days of Enrollment with Mental Health Consultation Services			0	

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	245		245	N/A

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	7,634		7,634
County Maintenance of Effort (EC Section 8279)			0
Other:			0
Other:			0
TOTAL RESTRICTED INCOME	7,634	0	7,634

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Reserve			0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children	3,936		3,936
Interest Earned on Child Development Apportionment Payments			0
Fees for Non-Certified Children	361,179		361,179
Unrestricted Income: Head Start			0
Other:			0
Other:			0

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
1000 Certificated Salaries	259,105		259,105
2000 Classified Salaries	157,312		157,312
3000 Employee Benefits	67,272		67,272
4000 Books and Supplies	14,623		14,623
5000 Services and Other Operating Expenses	61,999		61,999
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance	13,132		13,132
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)			0
TOTAL REIMBURSABLE EXPENSES	573,443	0	573,443

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)? ☐ Yes ☒ No

Approved Indirect Cost Rate:

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	101,948	(17,077)	84,871
Total Staff Training Cost (included in Reimbursable Expenses)	470		470

☒ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	645	0	645
Days of Operation	245	0	245
Days of Attendance (including MHCS)	645	0	645
Total Certified Adjusted Days of Enrollment	N/A	N/A	490.0000
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	7,634	0	7,634
Transfer from Reserve	0	0	0
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	573,443	0	573,443
Total Administrative Cost	101,948	(17,077)	84,871
Total Staff Training Cost	470	0	470
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Section 7 – Auditor’s Assurances

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 Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO): ☒ Yes ☐ No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO): ☒ Yes ☐ No

Section 8 – Comments

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

California Department of Education
Audited Preschool Reserve Account Activity Report

Fiscal Year Ending: June 30, 2022

Vendor Code: T2260

Contractor Name: North Marin Community Services

Section 1 – Prior Year Reserve Account Activity

1. Beginning Balance (2020–21 AUD 9530A Ending Balance):

0

2. Plus Transfers to Reserve Account:

2020–21 Contract No.	Per 2020–21 Post-Audit CDFS 9530
Total Transferred from 2020–21 Contracts	0

3. Less Excess Reserve to be Billed:

4. 2020–21 CDFS 9530 Reserve Balance After Billing:

0

Section 2 – Current Year Reserve Account Activity

5. Plus Interest Earned This Year on Reserve:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Interest Earned			0

6. Less Transfers to Contracts from Reserve:

2021–22 Contract No.	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
			0
			0
			0
Total Transferred to Contracts	0	0	0

7. Ending Balance:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Ending Balance on June 30, 2022	0	0	0

COMMENTS – If necessary, attach additional sheets to explain adjustments.

**INFORMATION REQUIRED BY THE CALIFORNIA DEPARTMENTS
OF EDUCATION AND SOCIAL SERVICES**



VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

INDEPENDENT AUDITORS' 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 (the Organization)
(A California Non-Profit Corporation)
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 California Non-Profit Corporation), which comprise the statement of financial position as of June 30, 2022 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 September 28, 2022.

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) as a basis for designing 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 the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 financial statements. 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.

Vorlein, Hagen + Co.

Calabasas, California
September 28, 2022

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022
(FEIN: 94-1735064)

Federal Grantor, Pass Through Grantor, Program Title	Federal CFDA Number	Grantors Number	Revenue Recognized	Disbursements/ Expenditures	Payments to Subrecipients
FEDERAL FUNDING					
U.S. Department of Health and Human Services					
Child Care Development Fund Cluster:					
Passed Through the California Department of Social Services					
General Center Child Care & Development Programs					
Child Care and Development Block Grant	93.575 / 93.596	CCTR-1147	\$ 88,454	\$ 88,454	\$ -
Total U.S. Department of Health and Human Services - Child Care Development Fund Cluster			\$ 88,454	\$ 88,454	\$ -
U.S. Department of Housing and Urban Development					
Passed Through the County of Marin					
Community Development Blocks Grants/Entitlement Grants	14.218		\$ 134,267	\$ 134,267	\$ -
Total U.S. Department of Housing and Urban Development			\$ 134,267	\$ 134,267	\$ -
U.S. Department of Agriculture					
Passed Through the California Department of Education					
Office of Child Nutrition Services					
Child and Adult Care Food Program	10.558	2T-T266-00	\$ 36,352	\$ 36,352	\$ -
Total U.S. Department of Agriculture			\$ 36,352	\$ 36,352	\$ -
TOTAL FEDERAL EXPENDITURES			\$ 259,073	\$ 259,073	\$ -
STATE FUNDING					
California Department of Education / California Department of Social Services					
Child Development Services:					
General Center Child Care & Development Programs		CCTR-1147	\$ 199,121	\$ 199,121	\$ -
California State Preschool		CSPP-1289	57,908	57,908	-
Stipends		None Assigned	28,900	28,900	-
TOTAL STATE EXPENDITURES			\$ 285,929	\$ 285,929	\$ -
TOTAL FEDERAL AND STATE EXPENDITURES			\$ 545,002	\$ 545,002	\$ -

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the “Schedule”) includes the federal grant activity of North Marin Community Services under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance as required by the *California Departments of Education and Social Services*. Because the schedule presents only a selected portion of the operations of North Marin Community Services, it is not intended to and does not present the financial position, changes in net assets or cash flows of North Marin Community Services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?

_____ Yes X No

• Significant deficiency(ies) identified?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Section II - Financial Statement Findings

No matters were reported.

Note: The Organization did not receive over \$750,000 of federal funds, a Uniform Guidance 2 CFR 200 audit is not necessary. The supplementary schedule is completed to conform to California Department of Education and California Department of Social Services requirements.

**NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF CURRENT AND PRIOR YEARS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

CURRENT YEAR

2022 Findings:

There were no 2022 findings noted.

2022 Questioned Costs:

There were no 2022 questioned costs noted.

PRIOR YEARS

2021 Findings:

There were no 2021 findings noted.

2021 Questioned Costs:

There were no 2021 questioned costs noted.

2020 Findings:

There were no 2020 findings noted.

2020 Questioned Costs:

There were no 2020 questioned costs noted.