

**NORTH MARIN
COMMUNITY SERVICES**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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
Schedule of Reported, Adjusted, and Allowed Meals and Earned Reimbursement	3-8
Schedule of Reported, Adjusted, and Allowed Enrollments	3-9
Schedule of Reported, Adjusted, and Allowed Meals	3-10
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, 2023

Organization Name:	North Marin Community Services
Program Numbers/Type	CCTR-2148 General Child Care & Development CSPP-2280 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, 2022 through June 30, 2023
Number of Days of Organization Operation:	246 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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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, 2023, 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, 2023 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 2016-02, *Leases (Topic 842)*. 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

We previously audited North Marin Community Services' 2022 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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, Schedule of Reported, Adjusted, and Allowed Meals and Earned Reimbursement, Schedule of Reported, Adjusted, and Allowed Enrollments, Schedule of Reported, Adjusted, and Allowed Meals 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, Schedule of Reported, Adjusted, and Allowed Meals and Earned Reimbursement, Schedule of Reported, Adjusted, and Allowed Enrollments, Schedule of Reported, Adjusted, and Allowed Meals 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, Schedule of Reported, Adjusted, and Allowed Meals and Earned Reimbursement, Schedule of Reported, Adjusted, and Allowed Enrollments, Schedule of Reported, Adjusted, and Allowed Meals 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 27, 2023, 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.

Vorlein, Hayn + Co.

Calabasas, California
September 27, 2023

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
ASSETS						
Cash and cash equivalents	\$ 662,951	\$ 1,829,628	\$ 2,492,579	\$ 819,795	\$ 2,191,080	\$ 3,010,875
Contracts, grants and other receivables	261,216	-	261,216	335,963	13,701	349,664
Unemployment trust reserve	57,249	-	57,249	70,091	-	70,091
Investments	4,383,536	-	4,383,536	3,961,170	-	3,961,170
Prepaid expenses	66,050	-	66,050	34,260	-	34,260
Property and equipment, net	840,121	-	840,121	639,550	-	639,550
Total Assets	\$ 6,271,123	\$ 1,829,628	\$ 8,100,751	\$ 5,860,829	\$ 2,204,781	\$ 8,065,610
LIABILITIES						
Accounts payable	\$ 12,702	\$ -	\$ 12,702	\$ 23,289	\$ -	\$ 23,289
Accrued payroll and related liabilities	181,329	-	181,329	175,761	-	175,761
Accrued personal time off	188,825	-	188,825	174,953	-	174,953
Unemployment trust reserve	57,249	-	57,249	70,091	-	70,091
Fee payable - in lieu of	35,000	-	35,000	35,000	-	35,000
Total Liabilities	475,105	-	475,105	479,094	-	479,094
NET ASSETS						
Without donor restrictions:						
Board Designated:						
Investment Fund	4,383,536	-	4,383,536	3,961,170	-	3,961,170
Total Designated Funds	4,383,536	-	4,383,536	3,961,170	-	3,961,170
Undesignated Funds	1,412,482	-	1,412,482	1,420,565	-	1,420,565
Total without donor restrictions	5,796,018	-	5,796,018	5,381,735	-	5,381,735
With donor restrictions	-	1,829,628	1,829,628	-	2,204,781	2,204,781
Total Net Assets	5,796,018	1,829,628	7,625,646	5,381,735	2,204,781	7,586,516
Total Liabilities and Net Assets	\$ 6,271,123	\$ 1,829,628	\$ 8,100,751	\$ 5,860,829	\$ 2,204,781	\$ 8,065,610

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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT						
Foundations and Grants	\$ 921,887	\$ 483,000	\$ 1,404,887	\$ 800,981	\$ 853,410	\$ 1,654,391
Federal and State apportionments	692,930	-	692,930	545,002	-	545,002
Contracts	1,392,495	-	1,392,495	1,684,100	10,000	1,694,100
Contributions	771,425	358,083	1,129,508	585,088	483,999	1,069,087
Paycheck Protection Program Loan forgiveness	-	-	-	502,500	-	502,500
In-kind contributions	633,089	-	633,089	558,290	-	558,290
Legacy circle	-	-	-	23,366	-	23,366
Total Support	4,411,826	841,083	5,252,909	4,699,327	1,347,409	6,046,736
REVENUE						
Program service fees	762,291	-	762,291	739,786	-	739,786
Special events and fundraising	8,362	176,028	184,390	1,068	127,665	128,733
Rental and other income	37,198	-	37,198	6,984	-	6,984
Total Revenue	807,851	176,028	983,879	747,838	127,665	875,503
Net assets released from restrictions	1,392,264	(1,392,264)	-	1,205,529	(1,205,529)	-
Total support, revenue and restrictions released	6,611,941	(375,153)	6,236,788	6,652,694	269,545	6,922,239
EXPENSES						
Program Services:						
Child development	1,463,309	-	1,463,309	1,343,965	-	1,343,965
Mental health and wellness	1,232,804	-	1,232,804	1,031,786	-	1,031,786
Latine programs	534,778	-	534,778	241,803	-	241,803
Case management, health and safety	1,897,513	-	1,897,513	2,396,932	-	2,396,932
Total Program Expenses	5,128,404	-	5,128,404	5,014,486	-	5,014,486
Support Services:						
General administration and plant	1,030,009	-	1,030,009	722,532	-	722,532
Fund development	451,612	-	451,612	418,280	-	418,280
Total Support Services	1,481,621	-	1,481,621	1,140,812	-	1,140,812
Total Expenses	6,610,025	-	6,610,025	6,155,298	-	6,155,298
NON-OPERATING CHANGES						
Realized gain(loss) on investments	(18,897)	-	(18,897)	30,804	-	30,804
Unrealized gain(loss) on investments	391,917	-	391,917	(775,833)	-	(775,833)
Investment income	39,347	-	39,347	102,111	-	102,111
Total non-operating changes	412,367	-	412,367	(642,918)	-	(642,918)
CHANGE IN NET ASSETS	414,283	(375,153)	39,130	(145,521)	269,545	124,023
NET ASSETS - Beginning of the Year	5,381,735	2,204,781	7,586,516	5,527,257	2,040,261	7,567,518
Government funded assets - reclassification	-	-	-	-	(105,025)	(105,025)
NET ASSETS - End of the Year	\$ 5,796,018	\$ 1,829,628	\$ 7,625,646	\$ 5,381,735	\$ 2,204,781	\$ 7,586,516

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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Program Services				Total Program Expenses	Support Services			2023 Total Expenses	2022 Total Expenses
	Child Development	Mental Health and Wellness	Latine Programs	Case Management, Health and Safety		General Administration and Plant	Fund Development	Total Support Expenses		
Salaries and related expenses:										
Salaries	\$ 988,854	\$ 910,193	\$ 354,164	\$ 660,247	\$ 2,913,458	\$ 722,774	\$ 325,969	\$ 1,048,743	\$ 3,962,201	\$ 3,449,923
Payroll taxes	72,498	64,716	24,907	53,021	215,142	49,578	21,271	70,849	285,991	250,974
Employee benefits	103,004	76,834	31,089	27,892	238,819	72,350	18,684	91,034	329,853	270,652
	<u>1,164,356</u>	<u>1,051,743</u>	<u>410,160</u>	<u>741,160</u>	<u>3,367,419</u>	<u>844,702</u>	<u>365,924</u>	<u>1,210,626</u>	<u>4,578,045</u>	<u>3,971,549</u>
Operating expenses:										
Professional services	21,745	16,919	24,304	55,776	118,744	50,468	8,555	59,023	177,767	182,056
Computer and tech support	36,452	31,263	11,061	26,268	105,044	19,682	8,970	28,652	133,696	103,218
Repairs and maintenance	30,614	18,097	7,295	17,343	73,349	18,131	4,785	22,916	96,265	46,069
Insurance	36,912	27,181	11,672	25,128	100,893	14,765	7,382	22,147	123,040	73,158
Occupancy	22,602	16,254	7,020	15,901	61,777	9,041	4,520	13,561	75,338	70,044
Telephone	15,118	11,340	4,971	11,018	42,447	7,125	2,994	10,119	52,566	40,496
Postage and printing	1,943	1,775	625	1,557	5,900	960	12,482	13,442	19,342	23,659
Supplies	26,205	15,316	7,216	15,618	64,355	20,991	6,429	27,420	91,775	73,946
Food supplies	41,992	1,383	5,535	2,981	51,891	4,079	11,764	15,843	67,734	69,341
Travel and transportation	24,116	468	5,724	1,868	32,176	909	56	965	33,141	30,986
Advertising and marketing	163	225	-	-	388	-	2,016	2,016	2,404	1,803
Equipment and rental	4,888	7,169	2,878	7,564	22,499	4,121	2,656	6,777	29,276	77,206
Dues, fees, subscriptions and professional development	8,284	4,722	1,170	3,193	17,369	20,584	5,299	25,883	43,252	95,385
Direct client assistance	-	-	-	296,269	296,269	-	-	-	296,269	577,929
Other operating expenses	4,210	12,353	28,034	25,393	69,990	4,968	3,038	8,006	77,996	96,336
In-kind, food supplies	-	-	-	633,089	633,089	-	-	-	633,089	558,290
	<u>275,244</u>	<u>164,465</u>	<u>117,505</u>	<u>1,138,966</u>	<u>1,696,180</u>	<u>175,824</u>	<u>80,946</u>	<u>256,770</u>	<u>1,952,950</u>	<u>2,119,922</u>
Total salaries, related expenses and operating expenses	<u>1,439,600</u>	<u>1,216,208</u>	<u>527,665</u>	<u>1,880,126</u>	<u>5,063,599</u>	<u>1,020,526</u>	<u>446,870</u>	<u>1,467,396</u>	<u>6,530,995</u>	<u>6,091,471</u>
Depreciation	23,709	16,596	7,113	17,387	64,805	9,483	4,742	14,225	79,030	63,827
Total Expenses	<u>1,463,309</u>	<u>1,232,804</u>	<u>534,778</u>	<u>1,897,513</u>	<u>5,128,404</u>	<u>1,030,009</u>	<u>451,612</u>	<u>1,481,621</u>	<u>6,610,025</u>	<u>6,155,298</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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 39,130	\$ 124,023
Adjustment to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	79,030	63,827
Rounding adjustment	-	1
Forgiveness of Paycheck Protection Program loan	-	(502,500)
Realized gain(loss) on investments	18,897	(30,804)
Unrealized gain(loss) on investments	(391,917)	775,833
(Increase)decrease in:		
Contacts, grants and other receivables	88,448	58,592
Unemployment trust reserve	12,842	218
Prepaid expenses	(31,790)	13,402
Increase(decrease) in:		
Accounts payable	(10,587)	(19,326)
Accrued payroll and related liabilities	5,568	42,434
Accrued personal time off	13,872	(21,621)
Unemployment trust reserve	(12,842)	(219)
Total adjustments	(228,479)	379,837
Net Cash Provided (Used) by Operating Activities	(189,349)	503,860
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Purchase of property and equipment	(279,601)	(47,945)
Proceeds from sale of investments	757,141	513,113
Purchase of investments	(806,487)	(575,707)
Net Cash Provided (Used) by Investing Activities:	(328,947)	(110,539)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(518,296)	393,322
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,010,875	2,617,554
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,492,579	\$ 3,010,875
Non-cash supplemental information:		
In-kind contributions	\$ 633,089	\$ 558,290

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, 2023

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. A trusted community resource, the Organization's quality programs are grounded in stability, expertise, and commitment to effectively addressing the changing needs of our community. North Marin Community Services is the product of a successful 2018 merger of two foundational social service nonprofits (Novato Youth Center and Novato Human Needs Center). Now in its 51st year as a resource for North Marin, 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 10,280 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 its Business Impact Plan and Theory of Change. 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 North Marin residents, under-resourced communities are not concentrated in one geographical location. The Organization therefore utilizes effective outreach and service delivery strategies offered on-site at their two Novato centers (680 Wilson Ave, 1907 Novato Blvd); on Novato Unified School District campuses; at the Novato Teen Clinic (a partnership with Marin Community Clinics); in West Marin; and remotely.

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, 2023

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, 2023 were \$1,829,628.

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, 2023

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, 2023 the Organization's uninsured cash balances total was \$404,878.

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, 2023.

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 deposit 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, 2023

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, 2023.

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 without 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, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Adopted Accounting Pronouncement

Leases

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the Statement of Financial Position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization applied the standard effective January 1, 2022, and recognized and measured leases existing at, or entered into after, January 1, 2021 (the beginning of the earliest comparative period presented) using a modified retrospective approach, with certain practical expedients available. In addition, the Organization elected the risk-free method for assessing present value.

Operating lease cost for the year ended June 30, 2023 approximated \$12,000.

The Organization is obligated under certain equipment leases which are not significant in terms of application of the provisions of ASC 842 and accordingly do not have a material impact on the Organization's financial position as follows:

<u>Year Ending June 30,:</u>	<u>Equipment</u>
2024	\$ 10,226
2025	9,801
2026	9,801
2027	3,186
2028	981
Thereafter	<u>82</u>
Total future principal payments	<u>\$ 34,077</u>

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2023 in-kind contributions in the amount of \$633,089 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, 2023

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, 2023, 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, 2022, 2021, and 2020, 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, 2022, 2021, 2020, and 2019, 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, 2023.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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 FTEs. 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 2022 comparative totals have been reclassified to conform with the 2023 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, 2022, 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, 2023

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 receivables 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, 2023
(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, 2023, are Level 1 and Level 2 inputs.

Investments consist of the following at June 30, 2023:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Bond funds	\$ 451,989	\$ 451,989	\$ -
Equity funds	468,844	468,844	-
Exchange traded funds	1,432,001	1,432,001	-
Fixed income	557,618	557,618	-
Money market, bank sweep and cash reinvested	<u>37,407</u>	<u>-</u>	<u>37,407</u>
Total investments	<u>\$ 2,947,859</u>	<u>\$ 2,910,452</u>	<u>\$ 37,407</u>

At June 30, 2023, 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, 2023 is as follows:

	<u>Amount</u>
Investment and dividend income	\$ 26,815
Realized gain(loss) on investments	(18,897)
Unrealized gain (loss) on investments	<u>237,978</u>
Total investment return	<u>\$ 245,896</u>

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, 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, 2023 was of \$1,435,677. The composition is as follows using Level 2 inputs:

	Amount
Beginning balance	\$ 1,280,787
Contributions	-
Dividends and interest reinvested	12,532
Unrealized gain(loss) on investments	153,939
Less - investment fees	<u>(11,581)</u>
Total	<u>\$ 1,435,677</u>

4. PROPERTY AND EQUIPMENT, NET

	Amount
Buildings and building improvements	\$ 3,713,947
Equipment	136,076
Furniture and fixtures	253,879
Land	195,560
Vehicles	<u>350,030</u>
	4,649,492
Less accumulated depreciation	<u>(3,809,371)</u>
Total	<u>\$ 840,121</u>

Total depreciation expense for the year ended June 30, 2023 was \$79,030.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(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, 2023, was \$188,825.

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 (8.25 percent per annum at June 30, 2023) 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, 2023.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

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, 2023 the Organization contributed up to 2 percent match to the 403b retirement account totaling \$46,956.

9. 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, 2023, consist of amounts restricted by donor-imposed stipulations.

The activity for the year ended June 30, 2023 is as follows:

Funding Source	Balance at 6/30/22	Income	Expenditures	Balance at 6/30/23
Child Development	\$ 159,395	\$ 75,433	\$ (82,756)	\$ 152,072
Family and Community Engagement	1,028,918	268,322	(412,335)	884,905
Health and Wellness	473,903	329,696	(354,608)	448,991
Operating Funds	<u>542,565</u>	<u>343,660</u>	<u>(542,565)</u>	<u>343,660</u>
Total	<u>\$ 2,204,781</u>	<u>\$ 1,017,111</u>	<u>\$ (1,392,264)</u>	<u>\$ 1,829,628</u>

A major portion of the net assets with donor restrictions is due to multiyear grants received during the year ended June 30, 2023.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

10. IN-KIND CONTRIBUTIONS

The Organization receives in-kind donations in the form of food contributions. The donor valued the food at \$633,089 retail value for the year ended June 30, 2023.

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, 2023.

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.

11. 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.

During the COVID-19 pandemic and now into economic recovery, the Organization is called upon to provide basic needs support to a greater number of participants in need of emergency rental assistance, healthy food, direct financial assistance, childcare for children in low-income households, and a rise in mental health therapy and crises. With a proven track record of success, NMCS is the anchor human resources nonprofit in North Marin.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)

12. 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. The nutrition audit report schedules are included in the audit as supplemental information.

13. LIQUIDITY AND FUNDS AVAILABLE

The total financial assets held by the Organization at June 30, 2023 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:

	June 30, 2023
Financial assets:	
Cash and cash equivalents	\$ 2,492,579
Contracts, grants and other receivables	261,216
Investments	4,383,536
Total financial assets	7,137,331
Less those unavailable for general expenditures within one year due to:	
Less Board Designated Investment Fund	(4,383,536)
Less With Donor Restrictions	(1,829,628)
Total unavailable funds	(6,213,164)
Financial assets available to meet cash needs for general expenditures within one year	\$ 924,167

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, and long-term sustainability.

The Organization's goal is generally to maintain financial assets to meet 45 days of operating expenses (approximately \$747,117). 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, 2023
(CONTINUED)

14. 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 federal and state government equal to 37 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.

15. SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to June 30, 2023, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 27, 2023, 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, 2023

	Without Donor Restrictions				2023 Totals
	Operating	Child Development Programs	Without Donor Restrictions	With Donor Restrictions	
ASSETS					
Cash and cash equivalents	\$ 662,951	\$ -	\$ 662,951	\$ 1,829,628	\$ 2,492,579
Contacts, grants and other receivables	195,139	66,077	261,216	-	261,216
Unemployment trust reserve	57,249	-	57,249	-	57,249
Investments	4,383,536	-	4,383,536	-	4,383,536
Prepaid expenses	66,050	-	66,050	-	66,050
Property and equipment, net	840,121	-	840,121	-	840,121
Total Assets	<u>\$ 6,205,046</u>	<u>\$ 66,077</u>	<u>\$ 6,271,123</u>	<u>\$ 1,829,628</u>	<u>\$ 8,100,751</u>
LIABILITIES					
Accounts payable	\$ 12,702	\$ -	\$ 12,702	\$ -	\$ 12,702
Accrued payroll and related liabilities	132,835	48,494	181,329	-	181,329
Accrued personal time off	146,016	42,809	188,825	-	188,825
Unemployment trust reserve	57,249	-	57,249	-	57,249
Fee payable - in lieu of	35,000	-	35,000	-	35,000
Total Liabilities	<u>383,802</u>	<u>91,303</u>	<u>475,105</u>	<u>-</u>	<u>475,105</u>
NET ASSETS					
Without donor restrictions:					
Board Designated:					
Investment Fund	4,383,536	-	4,383,536	-	4,383,536
Total Designated Funds	4,383,536	-	4,383,536	-	4,383,536
Undesignated Funds	1,437,708	(25,226)	1,412,482	-	1,412,482
Total without donor restrictions	5,821,244	(25,226)	5,796,018	-	5,796,018
With donor restrictions	-	-	-	1,829,628	1,829,628
Total Net Assets	<u>5,821,244</u>	<u>(25,226)</u>	<u>5,796,018</u>	<u>1,829,628</u>	<u>7,625,646</u>
Total Liabilities and Net Assets	<u>\$ 6,205,046</u>	<u>\$ 66,077</u>	<u>\$ 6,271,123</u>	<u>\$ 1,829,628</u>	<u>\$ 8,100,751</u>

**NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	CDE / CDSS Child Care				Non-CDE / CDSS Programs	2023 Totals
	General Child Care	California State		Totals		
	& Development CCTR-2148	Preschool CSPP-2280	Child Care Stipends			
REVENUE AND SUPPORT						
<u>CDE / CDSS Government Contracts:</u>						
Child care programs	\$ 339,559	\$ 170,957	\$ -	\$ 510,516	\$ -	\$ 510,516
Child care food program	29,253	8,039	-	37,292	-	37,292
Child care stipends	-	-	41,396	41,396	-	41,396
Total CDE / CDSS Government Contracts	368,812	178,996	41,396	589,204	-	589,204
<u>Other Revenues:</u>						
Family fees - certified children	-	-	-	-	-	-
Family fees - non-certified children	396,232	275,219	-	671,451	90,840	762,291
Grants and United way	-	-	-	-	1,508,613	1,508,613
Contributions	-	-	-	-	1,129,508	1,129,508
Contracts	-	-	-	-	1,392,495	1,392,495
Special events and fundraising	-	-	-	-	184,390	184,390
In-kind contributions	-	-	-	-	633,089	633,089
Rental, other and legacy income	-	-	-	-	37,198	37,198
Realized gain(loss) on investments	-	-	-	-	(18,897)	(18,897)
Unrealized gain(loss) on investments	-	-	-	-	391,917	391,917
Investment income	-	-	-	-	39,347	39,347
Net Assets Released from Restrictions	-	-	-	-	-	-
Total Revenue and Support:	765,044	454,215	41,396	1,260,655	5,388,500	6,649,155
EXPENSES						
Salaries	692,708	468,761	32,305	1,193,774	2,768,427	3,962,201
Payroll taxes and benefits	169,313	85,765	9,091	264,169	351,675	615,844
Instructional materials and supplies	60,486	14,574	-	75,060	84,449	159,509
Repairs and maintenance	-	-	-	-	96,265	96,265
Travel and conferences	-	-	-	-	33,141	33,141
Insurance	-	-	-	-	123,040	123,040
Other services and operating expenses	154,741	79,117	-	233,858	674,048	907,906
In-kind expenses, food supplies	-	-	-	-	633,089	633,089
Depreciation Expense	14,225	8,693	-	22,918	56,112	79,030
Total Expenses	1,091,473	656,910	41,396	1,789,779	4,820,246	6,610,025
CHANGE IN NET ASSETS	\$ (326,429)	\$ (202,695)	\$ -	\$ (529,124)	\$ 568,254	\$ 39,130

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

	General Child Care & Development CCTR-2148	California State Preschool CSPP-2280	Total Costs
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, 2023

	General Child Care & Development CCTR-2148	California State Preschool CSPP-2280	Total Costs
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	\$ _____ -	\$ _____ -	\$ _____ -

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, 2023

	General Child Care & Development CCTR-2148	California State Preschool CSPP-2280	Total Costs
Salaries and Wages	\$ 112,762	\$ 69,067	\$ 181,829
Fringe and Payroll Taxes	19,046	11,666	30,712
Supplies	3,898	2,387	6,285
Telephone	1,115	683	1,798
Professional Services	6,299	3,858	10,157
Insurance	2,311	1,415	3,726
Other Operating Expenses	13,902	8,255	22,157
Total Administrative Costs	\$ 159,333	\$ 97,331	\$ 256,664

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2023

	General Child Care & Development CCTR-2148	California State Preschool CSPP-2280	Total Reimbursable
DIRECT PAYMENT PROVIDERS	\$ -	\$ -	\$ -
1000 CERTIFIED PERSONNEL SALARIES	353,644	263,780	617,424
2000 CLASSIFIED PERSONNEL SALARIES	339,064	204,981	544,045
3000 EMPLOYEE BENEFITS	169,313	85,765	255,078
4000 BOOKS AND SUPPLIES	60,486	14,574	75,060
5000 SERVICES/OTHER OPERATING EXPENSES	154,741	79,117	233,858
6100/6200 CAPITAL OUTLAY	-	-	-
6400 NEW EQUIPMENT (PROGRAM-RELATED)	-	-	-
INTEREST EXPENSES	-	-	-
START-UP/CLOSE-DOWN EXPENSES	-	-	-
DEPRECIATION OR USE ALLOWANCE	14,225	8,693	22,918
INDIRECT COSTS	-	-	-
Total Expenses Claimed for Reimbursement	\$ 1,091,473	\$ 656,910	1,748,383
SUPPLEMENTAL EXPENSES	-	-	-
TOTAL EXPENDITURES	<u>\$ 1,091,473</u>	<u>\$ 656,910</u>	<u>\$ 1,748,383</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, 2023

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, 2023. No interest expense relating to the line of credit was claimed to a child development contract for the year ended June 30, 2023.
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, 2023.
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, 2023.

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS
AND EARNED REIMBURSEMENT
FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Meal Compensation</u>	<u>Reported, Adjusted Allowed Meals</u>	<u>Rates</u>	<u>Revenue Recognized</u>	<u>Adjustment</u>	<u>Earned Reimbursement</u>
Breakfast					
Free	1,595.00	2.210	3,524.95		3,524.95
Reduced	219.00	1.910	418.29		418.29
Base	1,979.00	0.450	890.55		890.55
Total	<u>3,793.00</u>		<u>4,833.79</u>	<u>-</u>	<u>4,833.79</u>
Lunch					
Free	3,313.00	4.030	13,351.39		13,351.39
Reduced	585.00	3.630	2,123.55		2,123.55
Base	3,772.00	0.470	1,772.84		1,772.84
Total	<u>7,670.00</u>		<u>17,247.78</u>	<u>-</u>	<u>17,247.78</u>
Supplements					
Free	7,459.00	1.180	8,801.62		8,801.62
Reduced	2,151.00	0.640	1,376.64		1,376.64
Base	8,439.00	0.190	1,603.41		1,603.41
Total	<u>18,049.00</u>		<u>11,781.67</u>	<u>-</u>	<u>11,781.67</u>
Cash-in-lieu		0.30000	<u>2,301.00</u>		
Total Federal Reimbursement			<u>\$ 36,164.24</u>		<u>\$ 36,164.24</u>
State Meal Compensation	<u>-</u>	0.1975	<u>1,128.12</u>		<u>\$ 1,128.12</u>
Total Receipt					<u>\$ 37,292.40</u>

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED ENROLLMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Fixed Percentage Method

	July	August	September	October	November	December
Free	47	47	47	41	41	41
Reduced	8	8	8	14	14	14
Basic	50	50	50	49	49	49
Total	105	105	105	104	104	104

	January	February	March	April	May	June
Free	41	41	41	41	41	41
Reduced	14	14	14	14	14	14
Basic	49	49	49	49	49	49
Total	104	104	104	104	104	104

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS
FOR THE YEAR ENDED JUNE 30, 2023

Fixed Percentage Method

	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>TOTALS</u>
Breakfast													
Total	233	314	262	259	571	269	301	309	285	284	364	342	3,793
Free	78	110	87	118	236	118	137	138	131	129	166	147	1,595
Reduced	7	12	8	12	61	19	13	18	12	13	15	29	219
Base	148	192	167	129	274	132	151	153	142	142	183	166	1,979
Lunch													
Total	1,326	939	373	410	466	477	459	527	420	575	524	1,174	7,670
Free	610	404	124	184	204	206	207	228	192	248	237	469	3,313
Reduced	108	65	11	22	34	39	23	41	18	48	26	150	585
Base	608	470	238	204	228	232	229	258	210	279	261	555	3,772
Supplements													
Total	1,261	1,719	1,731	1,673	1,204	1,184	1,620	1,406	1,752	1,349	1,717	1,433	18,049
Free	579	794	806	656	479	470	642	556	692	536	684	565	7,459
Reduced	102	141	144	230	155	156	213	186	235	175	221	193	2,151
Base	580	784	781	787	570	558	765	664	825	638	812	675	8,439
												TOTAL	29,512

AUDITED FINAL ATTENDANCE AND FISCAL REPORT FORMS

**CHILD CARE AND DEVELOPMENT PROGRAMS
CERTIFIED CHILDREN DAYS OF ENROLLMENT AND
ATTENDANCE**

Fiscal Year Ending **June 30, 2023**

Contract Number **CCTR-2148**

Vendor Code **T2260**

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

Service County: **Marin**

	Column A Cumulative FY 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) One-half-time				1.4738	
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) One-half-time				1.0872	
Three Years and Older Full-time-plus				1.1800	
Three Years and Older Full-time	1,440		1440	1.0000	1440.0000
Three Years and Older One-half-time	4,047		4047	0.6040	2444.3880
Exceptional Needs Full-time-plus				1.8172	
Exceptional Needs Full-time				1.5400	
Exceptional Needs One-half-time				0.9302	

Full Name of Contractor North Marin Community Services

Contract Number CCTR-2148

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus				1.2980	
Dual Language Learner Full-time				1.1000	
Dual Language Learner One-half-time				0.6040	
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 One-half-time				0.6040	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled One-half-time				1.1657	
Total Certified Days of Enrollment	5487		5487	N/A	3884.3880
Days of Attendance	5,487		5487	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from Form AUD9500.1(s) in the Total Certified Days of Enrollment line of AUD 9500, Section 2.

Enter the sum of Days of Attendance from all Form AUD9500.1(s) and Form AUD9500.2(s) in the Days of Attendance line of AUD 9500, Section 2.

**CHILD CARE AND DEVELOPMENT PROGRAMS
NON-CERTIFIED CHILDREN DAYS OF ENROLLMENT**

Fiscal Year Ending	June 30, 2023
Contract Number	CCTR-2148
Vendor Code	T2260

Full Name of Contractor

Service County:

	Column A Cumulative FY 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) One-half-time				1.4738	
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) One-half-time				1.0872	
Three Years and Older Full-time-plus				1.1800	
Three Years and Older Full-time	2,843		2843	1.0000	2843.0000
Three Years and Older One-half-time	9,064		9064	0.6040	5474.6560
Exceptional Needs Full-time-plus				1.8172	
Exceptional Needs Full-time				1.5400	
Exceptional Needs One-half-time				0.9302	

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

Contract Number **CCTR-2148**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus				1.2980	
Dual Language Learner Full-time				1.1000	
Dual Language Learner One-half-time				0.6040	
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 One-half-time				0.6040	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled One-half-time				1.1657	
Total Non-Certified Days of Enrollment	11907		11907	N/A	8317.6560

Enter the sum of Total Non-Certified Days of Enrollment from all Form AUD 9500.3(s) in the Total Non-Certified Days of Enrollment line of AUD 9500, Section 2.

AUDITED ENROLLMENT, ATTENDANCE AND FISCAL REPORT FOR CHILD CARE AND DEVELOPMENT PROGRAMS

Fiscal Year Ending	June 30, 2023
Contract Number	CCTR-2148
Vendor Code	T2260

Full Name of Contractor

Section 1 - Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form AUD 9500.1):

Number of counties where the agency provided mental health consultation services to certified children (Form AUD 9500.2):

Number of counties where the agency provided services to non-certified children (Form AUD 9500.3):

Number of counties where the agency provided mental health consultation services to non-certified children (Form AUD 9500.4):

Total enrollment and attendance forms to attach:

Note: For each of the above categories, submit one form for each service county for the fiscal year.

Section 2 - Days of Enrollment, Attendance and Operation

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	5,487		5487	3,884.3880
Total Certified Days of Enrollment with Mental Health Consultation Services				
Days of Attendance (including MHCS)				N/A
Total Non-Certified Days of Enrollment	11,907		11907	8,317.6560
Total Non-Certified Days of Enrollment with Mental Health Consultation Services				
Days of Operation	246		246	N/A

Full Name of Contractor North Marin Community Services

Contract Number CCTR-2148

Section 3 - Revenue

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	29,253		29253
Restricted Income - County Maintenance of Effort (WIC Section 10308.5)			
Restricted Income - American Rescue Plan Act (ARPA)			
Restricted Income - Other:			
Restricted Income - Subtotal	29253		29253
Transfer From Reserve			
Waived Family Fees for Certified Children	12,636		12636
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children	396,232		396232
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue	438121		438121

Comments:

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

Contract Number **CCTR-2148**

Section 4 - Reimbursable Expenses

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	353,644		353644
2000 Classified Salaries	339,064		339064
3000 Employee Benefits	169,313		169313
4000 Books and Supplies	60,486		60486
5000 Services and Other Operating Expenses	154,741		154741
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	14,225		14225
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	1091473		1091473
Total Administrative Cost (included in Section 4 above)	159,333		159333
Total Staff Training Cost (included in Section 4 above)	2,073		2073

Approved Indirect Cost Rate:

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

Full Name of Contractor

Contract Number

Section 7 - Summary

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment (including MHCS)	5487		5487
Days of Operation	246		246
Days of Attendance (including MHCS)			
Restricted Program Income	29253		29253
Transfer from Reserve			
Waived Family Fees for Certified Children	12636		12636
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	1091473		1091473
Total Administrative Cost	159333		159333
Total Staff Training Cost	2073		2073

Total Certified Adjusted Days of Enrollment (including MHCS)

Total Non-Certified Adjusted Days of Enrollment (including MHCS)

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):

Reimbursable expenses claimed on page 3 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box):

Include any comments in the comments box on page 2. If necessary, attach additional sheets to explain adjustments.

**California State Preschool Program – Form 1
 Certified Children Days of Enrollment and Attendance**

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 Old Full-time-plus			0	2.1240	0.0000
Three Years Old Full-time	285		285	1.8000	513.0000
Three Years Old Part-time			0	1.0872	0.0000
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time	761		761	1.0000	761.0000
Four Years and Older Part-time			0	0.6040	0.0000
Exceptional Needs Full-time-plus			0	2.8320	0.0000
Exceptional Needs Full-time			0	2.4000	0.0000
Exceptional Needs Part-time	70		70	1.4496	101.4720
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time	342		342	1.2000	410.4000
Dual Language Learner Part-time	99		99	0.6040	59.7960

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
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 Part-time			0	0.6040	0.0000
Severely Disabled Full-time-plus			0	2.8320	0.0000
Severely Disabled Full-time			0	2.4000	0.0000
Severely Disabled Part-time			0	1.4496	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	1,557	0	1,557	N/A	1,845.6680

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	1,557		1,557	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 3
Non-Certified Children Days of Enrollment**

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) Part-time			0	0.9900	0.0000
Three Years Old Full-time-plus			0	2.1240	0.0000
Three Years Old Full-time	2,255		2,255	1.8000	4,059.0000
Three Years Old Part-time			0	1.0872	0.0000
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time	1,854		1,854	1.0000	1,854.0000
Four Years and Older Part-time			0	0.6040	0.0000
Exceptional Needs Full-time-plus			0	2.8320	0.0000
Exceptional Needs Full-time			0	2.4000	0.0000
Exceptional Needs Part-time			0	1.4496	0.0000
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time			0	1.2000	0.0000
Dual Language Learner Part-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
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 Part-time			0	0.6040	0.0000
Severely Disabled Full-time-plus			0	2.8320	0.0000
Severely Disabled Full-time			0	2.4000	0.0000
Severely Disabled Part-time			0	1.4496	0.0000
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	4,109	0	4,109	N/A	5,913.0000

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

Contract Number: CSPP-2080
Fiscal Year Ended: June 30, 2023
Vendor Code: T2260

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):

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):

Total enrollment and attendance forms to attach: **2**

Note: For each of the above categories, submit one form for each service county.

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	1,557		1,557	1,845.6680
Total Certified Days of Enrollment with Mental Health Consultation Services			0	
Days of Attendance (including MHCS)	1,557		1,557	N/A
Total Non-Certified Days of Enrollment	4,109		4,109	5,913.0000
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	246		246	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	8,039		8,039
County Maintenance of Effort (EC Section 8260)			0
Other:			0
Other:			0
TOTAL RESTRICTED INCOME	8,039	0	8,039

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Preschool Reserve Account			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	14,880		14,880
Interest Earned on Child Development Apportionment Payments			0
Unrestricted Income: Fees for Non-Certified Children	275,219		275,219
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	263,780		263,780
2000 Classified Salaries	204,981		204,981
3000 Employee Benefits	85,765		85,765
4000 Books and Supplies	14,574		14,574
5000 Services and Other Operating Expenses	79,117		79,117
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance	8,693		8,693
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)			0
TOTAL REIMBURSABLE EXPENSES	656,910	0	656,910

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)	97,331		97,331
Total Staff Training Cost (included in Reimbursable Expenses)	1,080		1,080

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)	1,557	0	1,557
Days of Operation	246	0	246
Days of Attendance (including MHCS)	1,557	0	1,557
Total Certified Adjusted Days of Enrollment	N/A	N/A	1,845.6680
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	5,913.0000
Restricted Program Income	8,039	0	8,039
Transfer from Preschool Reserve Account	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	656,910	0	656,910
Total Administrative Cost	97,331	0	97,331
Total Staff Training Cost	1,080	0	1,080
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.

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Fiscal Year End	June 30, 2023
Reserve Account Type	Center-Based
Vendor Code	T2260

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

Section 1 - Prior Year Reserve Account Activity

1. Beginning Balance (2021–22 AUD 9530A Ending Balance)	0
2. Plus Transfers to Reserve Account:	Per 2021–22 Post-Audit CDNFS 9530
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Total Transferred from 2021–22 Contracts to Reserve	
3. Less Excess Reserve to be Billed	
4. Ending Balance per 2021-22 Post-Audit CDNFS 9530	

Section 2 - Current Year (2022–23) Reserve Account Activity

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve:			
6. Less Transfers to Contracts from Reserve:			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Total Transferred to Contracts from Reserve Account			
7. Ending Balance on June 30, 2023	0		0

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

California Department of Education
 Audited Preschool Reserve Account Activity Report

Fiscal Year Ending: June 30, 2023

Vendor Code: T2260

Contractor Name: North Marin Community Services

Section 1 – Prior Year Reserve Account Activity

1. Beginning Balance (2021–22 AUD 9530A Ending Balance): 0

2. Plus Transfers to Reserve Account:

2021–22 Contract No.	Per 2021–22 Post-Audit EENFS 9530
Total Transferred from 2021–22 Contracts	0

3. Less Excess Reserve to be Billed:

4. 2021–22 EENFS 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:

2022–23 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, 2023	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, 2023 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 27, 2023.

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 North Marin Community Services' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Marin Community Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 North Marin Community Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Marin Community Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vorlein, Hagen + Co.

Calabasas, California
September 27, 2023

NORTH MARIN COMMUNITY SERVICES
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023
(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 Education California State Preschool	93.575	CSPP-2280	\$ 47,315	\$ 47,315	\$ -
Passed Through the California Department of Social Services General Center Child Care & Development Programs Child Care and Development Block Grant & Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.575 / 93.596	CCTR-2148	<u>184,022</u>	<u>184,022</u>	<u>-</u>
Total U.S. Department of Health and Human Services - Child Care Development Fund Cluster			\$ 231,337	\$ 231,337	\$ -
U.S. Department of Housing and Urban Development					
Passed Through the County of Marin Community Development Blocks Grants/Entitlement Grants	14.218		<u>103,726</u>	<u>103,726</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			\$ 103,726	\$ 103,726	\$ -
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	<u>37,292</u>	<u>37,292</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>37,292</u>	<u>37,292</u>	<u>-</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 372,355</u>	<u>\$ 372,355</u>	<u>\$ -</u>
STATE FUNDING					
California Department of Education / California Department of Social Services					
Child Development Services:					
General Center Child Care & Development Programs		CCTR-2148	\$ 155,537	\$ 155,537	\$ -
California State Preschool		CSPP-2280	123,642	123,642	-
Stipends		None Assigned	41,396	41,396	-
TOTAL STATE EXPENDITURES			<u>\$ 320,575</u>	<u>\$ 320,575</u>	<u>\$ -</u>
TOTAL FEDERAL AND STATE EXPENDITURES			<u>\$ 692,930</u>	<u>\$ 692,930</u>	<u>\$ -</u>

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, 2023

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, 2023. 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 CURRENT AND PRIOR YEARS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

CURRENT YEAR

2023 Findings:

There were no 2023 findings noted.

2023 Questioned Costs:

There were no 2023 questioned costs noted.

PRIOR YEARS

2022 Findings:

There were no 2022 findings noted.

2022 Questioned Costs:

There were no 2022 questioned costs noted.

2021 Findings:

There were no 2021 findings noted.

2021 Questioned Costs:

There were no 2021 questioned costs noted.