



FAMILY CAREGIVER ALLIANCE®
National Center on Caregiving

Family Caregiver Alliance

Financial Statements

For the years ended June 30, 2018 and 2017

and

Schedule of Expenditures of Federal Awards

with the

Report of the Independent Auditor

and

Reports Required by “Government Auditing Standards,” issued by the
Comptroller General of the United States of America and
Title 2 U.S. “Code of Federal Regulations” Part 200, “Uniform Administrative Requirements,
Cost Principles, and Audit Requirements for Federal Awards”



Report of the Independent Auditor

To the Board of Directors of the **Family Caregiver Alliance**:

Report on the Financial Statements

I have audited the accompanying financial statements of Family Caregiver Alliance, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Responsibility 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; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Family Caregiver Alliance as of June 30, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on 2017 Financial Statements

Predecessor auditors audited the financial statements of Family Caregiver Alliance, which comprise the statements of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements and expressed an unmodified opinion on those financial statements in their report dated December 29, 2017.

Other Information

I conducted my audit to form an opinion on the financial statements as a whole. Management presents the accompanying schedule of expenditures of federal awards (schedule) for additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" and it is not a required part of the financial statements. The schedule is the responsibility of management and they derived it from, and it relates directly to the underlying accounting and other records used to prepare the financial statements. I have subjected the schedule to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling the schedule 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 my opinion, the schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with "Government Auditing Standards," I have also issued my report dated October 24, 2018, on my consideration of the internal control over financial reporting of Family Caregiver Alliance and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the internal control over financial reporting and compliance of Family Caregiver Alliance.

Michael Smith, CPA

Petaluma, California

October 24, 2018

Family Caregiver Alliance
 Statements of Financial Position
 June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 135,235	\$ 168,682
Investments	535,165	575,801
Contributions receivable, net	361,376	–
Contracts receivable	765,579	281,844
Other receivables	58,750	84,750
Prepaid expenses	46,573	38,970
Investments, long-term	193,429	–
Contributions receivable, long-term	111,067	–
Property and equipment, net	14,528	29,300
Computer software, net	86,765	107,001
Deposits	42,554	18,653
	<u> </u>	<u> </u>
Total assets	<u>\$2,351,021</u>	<u>\$1,305,001</u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 369,166	\$ 200,337
Deferred rent	559	5,064
	<u> </u>	<u> </u>
Total liabilities	369,725	205,401
 Net assets		
Unrestricted	1,001,304	727,264
Temporarily restricted	979,992	372,336
	<u> </u>	<u> </u>
Total net assets	<u>1,981,296</u>	<u>1,099,600</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$2,351,021</u>	<u>\$1,305,001</u>

See accompanying notes.

Family Caregiver Alliance
 Statements of Activities and Changes in Net Assets
 For the year ended June 30, 2018

	Unrestricted	Temporarily restricted	2018 Totals
Support and revenue			
Contributions	\$ 680,058	\$1,090,607	\$1,770,665
Government contracts	1,811,392	–	1,811,392
Contract revenue	85,000	–	85,000
Other income	9,265	–	9,265
Investment income, net	15,436	1,843	17,279
Net assets released from restrictions	484,794	(484,794)	–
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Total support and revenue	3,085,945	607,656	3,693,601
Expenses			
Program services	2,316,732	–	2,316,732
Management and general	473,214	–	473,214
Fundraising	21,959	–	21,959
	<hr/>		
Total expenses	2,811,905	–	2,811,905
Changes in net assets	274,040	607,656	881,696
Net assets, beginning of year	727,264	372,336	1,099,600
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Net assets, end of year	\$1,001,304	\$ 979,992	\$1,981,296
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See accompanying notes.

Family Caregiver Alliance
 Statements of Activities and Changes in Net Assets
 For the year ended June 30, 2017

	Unrestricted	Temporarily restricted	2017 Totals
Support and revenue			
Contributions	\$ 647,894	\$178,882	\$ 826,776
Government contracts	1,416,682	–	1,416,682
Contract revenue	111,000	–	111,000
Other income	46,846	–	46,846
Investment income, net	30,601	–	30,601
Net assets released from restrictions	322,317	(322,317)	–
	<hr/>		
Total support and revenue	2,575,340	(143,435)	2,431,905
 Expenses			
Program services	1,846,130	–	1,846,130
Management and general	486,218	–	486,218
Fundraising	25,327	–	25,327
	<hr/>		
Total expenses	2,357,675	–	2,357,675
 Changes in net assets	217,665	(143,435)	74,230
 Net assets, beginning of year	509,599	515,771	1,025,370
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Net assets, end of year	\$ 727,264	\$372,336	\$1,099,600
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See accompanying notes.

Family Caregiver Alliance
 Statements of Functional Expenses
 For the year ended June 30, 2018

Expenses	Program services	Manage- ment and general	Fund- raising	2018 Totals
Salaries	\$ 741,204	\$285,302	\$13,724	\$1,040,230
Payroll taxes	56,111	21,598	1,039	78,748
Employee benefits	128,132	48,324	2,364	178,820
Alzheimer's Disease Caregiving Legacy Award	60,000	—	—	60,000
Communications	35,301	12,841	589	48,731
Equipment	18,928	7,285	350	26,563
Family support services	386,242	—	—	386,242
Insurance	4,910	5,592	91	10,593
Occupancy	132,716	51,085	2,457	186,258
Office	35,565	6,785	351	42,701
Postage and delivery	4,099	569	793	5,461
Printing	4,065	373	6	4,444
Program fees and consultants	85,236	—	—	85,236
Subcontractors	554,453	17,232	—	571,685
Travel and conferences	36,261	12,176	—	48,437
Depreciation	10,525	4,052	195	14,772
Amortization	22,984	—	—	22,984
Total expenses	\$2,316,732	\$473,214	\$21,959	\$2,811,905

See accompanying notes.

Family Caregiver Alliance
 Statements of Functional Expenses
 For the year ended June 30, 2017

Expenses	Program services	Manage- ment and general	Fund- raising	2017 Totals
Salaries	\$ 628,888	\$273,096	\$13,535	\$ 915,519
Payroll taxes	48,228	20,943	1,038	70,209
Employee benefits	161,781	69,951	3,497	235,229
Alzheimer's Disease Caregiving Legacy Award	60,000	-	-	60,000
Communications	35,591	14,775	703	51,069
Equipment	24,416	10,602	525	35,543
Family support services	188,073	-	-	188,073
Insurance	5,982	6,313	129	12,424
Occupancy	126,407	54,893	2,721	184,021
Office	29,074	8,464	2,154	39,692
Postage and delivery	4,393	1,444	667	6,504
Printing	2,343	190	26	2,559
Program fees and consultants	57,304	-	-	57,304
Subcontractors	411,731	11,996	-	423,727
Travel and conferences	40,971	8,613	87	49,671
Depreciation	11,371	4,938	245	16,554
Amortization	9,577	-	-	9,577
Total expenses	<u>\$1,846,130</u>	<u>\$486,218</u>	<u>\$25,327</u>	<u>\$2,357,675</u>

See accompanying notes.

Family Caregiver Alliance
Statements of Cash Flows
For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$881,696	\$ 74,230
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation	14,772	16,554
Amortization	22,984	9,577
Contributions to endowment	(200,620)	–
Contributions of investments	(200,620)	(19,905)
Realized loss (gain) from sale of and unrealized depreciation (appreciation) from holding investments	(3,601)	(23,328)
Changes in assets and liabilities		
Contributions receivable	(472,443)	15,000
Contracts receivable	(483,735)	117,766
Other receivables	26,000	–
Prepaid expenses	(7,603)	(12,215)
Accounts payable and accrued expenses	168,829	(157,161)
Deferred rent	(4,505)	(159)
Net cash (used) provided by operating activities	(258,846)	20,359
Cash flows from investing activities		
Proceeds from sale of investments	981,549	1,094,464
Purchases of investments	(930,121)	(1,029,258)
Purchases of property and equipment	–	(17,776)
Capitalization of computer software costs	(2,748)	(116,578)
Net change in deposits	(23,901)	9,852
Net cash provided (used) by investing activities	24,779	(59,296)
Cash flows from financing activities		
Contributions to endowment	200,620	–
Net cash provided by financing activities	200,620	–
Net change in cash and cash equivalents	(234,067)	(38,937)
Cash and cash equivalents, beginning of year	168,682	207,619
Cash and cash equivalents, end of year	<u>\$135,235</u>	<u>\$ 168,682</u>

See accompanying notes.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 1 – Basis of Presentation

Organization

Family Caregiver Alliance (FCA) is a California based not-for-profit corporation founded in 1977 to improve the quality of life for caregivers and those they care for through information, services and advocacy.

Programs and activities

FCA empowers and sustains the critical work those providing long-term care for family and/or friends at home. FCA CareJourney, an innovative online virtual caregiver resource center, is serving to expand capacity to deliver trusted information, education and support services in response to caregiver demand for FCA resources across the nation.

The Dignity Fund – an initiative passed by voters in San Francisco to better fund services for senior and disabled citizens – is making it possible for FCA to double down on delivery of respite care to caregivers in need and to reach isolated Asian (primarily Chinese and Vietnamese speaking) family caregivers and those trying to navigate life with low literacy skills.

The shared common challenges of those who care, including adult children, spouses, partners and other relatives and friends, include isolation, lack of information, major upheaval in family and work life and financial strain and they receive marginal recognition of their important role by doctors, healthcare institutions and others. These obstacles conspire to put the health and well-being of the caregiver at risk.

FCA reaching caregivers by the numbers:

3,300 – Consultations provided to caregivers and caregiving professionals through the 1-800 caregivers help line, by email and via FCA CareJourney (online resources, consultation and assessment).

14,000 – In-home caregiver (unduplicated) consultations for direct services (caregiver assessment, education and skill building, emotional support and care management and planning) and stipends provided for legal and financial consultation, respite and therapeutic counseling in the San Francisco Bay Area since inception.

24,000 – Hours of respite care (temporary time away from caregiving) provided in the San Francisco Bay Area annually.

20,227 – Caregivers and caregiver professionals nationwide who subscribe to FCA e-newsletters, “Caregiver Connections” and “Caregiver Policy Digest.”

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 1 – Basis of Presentation (continued)

5 - New how-to medication management series videos produced, available in English, Chinese (Cantonese and Mandarin), Spanish and Vietnamese, are available on the FCA YouTube channel CAREGIVERdotORG.

230,000 – Average number of unique visitors per month to the website, <https://www.caregiver.org>.

FCA seeks to strengthen the caregiver and their family's trajectory for providing care by delivering or linking them with necessary services and support to enable them to care successfully for their loved one and for themselves.

Specifically, FCA delivers programs **locally, regionally and nationally** to support family caregivers. As the **Bay Area Caregiver Resource Center**, FCA provides a range of caregiver education resources and services including:

- In-depth comprehensive caregiver assessment (in-person, online and by phone)
- Care planning specific to the caregiver's need
- Caregiver classes on a wide variety of topics including managing dementia care behaviors, stress management, self-care for caregivers, problem solving and decision-making skills (in person and online)
- Respite care (in-home, adult day care, overnight and Camp for Caring)
- Legal and financial guidance (fact and tip sheets and vouchers for consultation with an attorney)
- Individual and family counseling
- Caregiver support groups (in-person and online)
- Information and referrals.

FCA maintains an ever-growing and often-referenced, peer reviewed library of caregiver fact and tip sheets available online for caregivers and professionals to access at their convenience.

FCA established the **National Center on Caregiving** (NCC) in 2001, to respond to requests from state governments and other public and private organizations nationally seeking consultation on how to meet the needs of caregivers in their state effectively. Today, FCA is actively working to build policy to improve support for caregivers by working with the Administration on Aging and the Center for Medicaid and Medicare and through partnerships with AARP and other key leaders in the health and long-term care services and support arenas.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 1 – Basis of Presentation (continued)

About 70% of the people FCA serves are caring for someone with a cognitive impairment, including Alzheimer's, Frontotemporal dementia, vascular dementia, Parkinson's disease, stroke, traumatic brain injury and brain tumors. About 30% of the people FCA serves are caring for someone with critical conditions such as heart and lung diseases, neuromuscular conditions, advanced arthritis, diabetes or severe depression. Often, the care receiver is living with multiple conditions. A smaller but significant percentage of caregiver clients are actively caring for more than one person. In partnership with peer national organizations, FCA writes curriculum and leads classes as part of the National Caregiver Training Program for family caregivers of military veterans.

FCA engages in advocacy for policies and programs of direct benefit to family caregivers nationwide. Working collaboratively and across broad coalitions, FCA has helped to achieve funding for the statewide system of California Caregiver Resource Centers and California's Paid Family Leave benefit. National advocacy efforts have resulted in changes in rules governing assessment of family caregivers for Medicaid waiver programs and respite rules. FCA personnel are often asked to participate on expert panels related to caregiving topics for use in policy formulation, product development and system improvement in private and public sectors.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting

FCA prepares its financial statements using accounting principles generally accepted in the United States of America (US-GAAP). FCA records contributions when promised, revenues when earned and expenses when incurring the related obligation. FCA recognizes revenues from reimbursable cost contracts when incurring the related expenses.

Fair value

FCA uses 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 consist of observable inputs other than quoted prices for identical assets. Level 3 inputs consist of unobservable inputs that reflect internal judgments and have the lowest priority. FCA uses appropriate valuation techniques based on the available inputs to measure the fair value of its contributions and investments. When available, FCA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. FCA only uses Level 3 inputs when Level 1 or Level 2 inputs are not available.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist principally of amounts on hand and on deposit with a commercial bank, available on demand.

Investments

Investments consist principally of cash, common stock and registered investment company shares (mutual funds). FCA states its investments at fair value. Net investment income consists of interest, dividends, realized gains and losses and unrealized appreciation and depreciation.

Contracts receivable

Contracts receivable consist of amounts due under cost reimbursement and fee-for-service contracts. All contracts receivable are due within the year ending June 30, 2019.

Allowance for uncollectible receivables

FCA uses the allowance method to account for uncollectible receivables. Under this method, FCA reviews all receivables for any problems with collectability. If FCA feels that there may be a problem with collections, FCA provides an allowance for the receivable. When attempts to collect a specific receivable are unsuccessful, FCA considers the receivable uncollectible and writes it off against the allowance. As of June 30, 2018 and 2017, FCA concluded that an allowance for uncollectible receivables was not necessary.

Property and equipment

Property and equipment consist of furniture, software, computer and office equipment and leasehold improvements. FCA capitalizes property and equipment with an initial cost (or fair value when contributed) of \$2,500 and an estimated useful life exceeding one year. FCA calculates depreciation using the straight-line method over the estimated useful lives of the property and equipment, or the shorter remaining term of the lease for leasehold improvements.

Computer software costs

During the year ended June 30, 2017, FCA completed development of its CareJourney portal for caregivers and counselors. FCA established the technological feasibility of CareJourney during September 2016 and released CareJourney for sale to customers during February 2017. Accordingly, FCA expensed research and development costs related to CareJourney incurred before September 2016, expensed maintenance and customer support costs after February 2017 and capitalized costs between September 2016 and February 2017. FCA amortizes its capitalized computer software costs based on the higher of straight-line over five years and in proportion that cumulative sales have to total estimated sales.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Net assets

Net assets consist of unrestricted and temporarily restricted net assets. Donors may direct contributions to specific periods or programs. FCA classifies such contributions as temporarily restricted net assets. When donor restrictions expire or are otherwise met, FCA reclassifies temporarily restricted net assets as unrestricted net assets. FCA may classify certain donor-restricted contributions as unrestricted net assets when FCA meets the donor restrictions in the same period as the contribution.

Indirect cost allocation

FCA allocates indirect costs among program services, management and general and fundraising based principally on estimated and actual personnel time, amounts and units of service.

Income taxes

The Internal Revenue Service (IRS) and Franchise Tax Board (FTB) have advised FCA that it is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California, respectively. In addition, FCA has been classified as other than a private foundation under Internal Revenue Codes Section 509(a)(1). Accordingly, donors are entitled to the maximum charitable contribution allowed by law. Management believes that no activities of FCA jeopardized its exemption from income taxes or its classification as a “public charity.” Consequently, FCA provided no income tax provision.

FCA files information returns with the IRS and FTB, which are generally open to examination three years and four years after filing, respectively.

Use of estimates

The preparation of financial statements in conformity with US-GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

Management has evaluated subsequent events for recognition and disclosure through October 24, 2018, the date the financial statements were available for issuance. Management concluded that no material subsequent events have occurred since June 30, 2018, which would require recognition or disclosure.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 3 – Investments

As of June 30, 2018, investments totaled as follows:

	<u>Totals</u>	<u>Level 1</u>
Cash and cash equivalents	\$ 66,149	\$ –
Common stock	196,279	196,279
Money market mutual fund	181,786	181,786
Bond index mutual fund	147,637	147,637
Global equities mutual fund	<u>136,743</u>	<u>136,743</u>
 Total investments	 728,594	 662,445
Current investments	<u>535,165</u>	<u>469,016</u>
 Long-term	 <u>\$193,429</u>	 <u>\$193,429</u>

As of June 30, 2017, investments totaled as follows:

	<u>Totals</u>	<u>Level 1</u>
Cash and cash equivalents	\$ 17,444	\$ –
Common stock	47,143	47,143
Money market mutual fund	241,070	241,070
Bond index mutual fund	148,423	148,423
Global equities mutual fund	<u>121,721</u>	<u>121,721</u>
 Total investments	 <u>\$575,801</u>	 <u>\$558,357</u>

During the years ended June 30, 2018 and 2017, FCA did not transfer investments among fair value input levels.

During the years ended June 30, 2018 and 2017, net investment income totaled as follows:

	<u>2018</u>	<u>2017</u>
Interest	\$ 106	\$ 118
Dividends	13,572	7,155
Realized gain	10,124	–
Unrealized (depreciation) appreciation	<u>(6,523)</u>	<u>23,328</u>
 Investment income, net	 <u>\$17,279</u>	 <u>\$30,601</u>

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 4 – Contributions receivable

As of June 30, 2018, contributions receivable totaled as follows:

The Foster Family Foundation	\$ 25,000
The John A. Hartford Foundation	227,443
Thomas J. Long Foundation	<u>220,000</u>
 Total contributions receivable	 472,443
Current (due within one year)	<u>361,376</u>
 Long-term (due by June 30, 2020)	 <u>\$111,067</u>

Note 5 – Contracts Receivable

As of June 30, 2018 and 2017, contracts receivable totaled as follows:

	<u>2018</u>	<u>2017</u>
County of Alameda	\$ 32,048	\$ 43,027
State of California	159,978	76,685
County of Contra Costa	38,918	28,746
County of Marin	4,688	2,600
City and County of San Francisco	481,062	111,791
County of San Mateo	<u>48,885</u>	<u>18,995</u>
 Total contracts receivable	 <u>\$765,579</u>	 <u>\$281,844</u>

Note 6 – Other Receivables

As of June 30, 2018 and 2017, other receivables totaled as follows:

	<u>2018</u>	<u>2017</u>
Alzheimer's Association	\$ 8,750	\$ 8,750
University of Southern California	<u>50,000</u>	<u>76,000</u>
 Total other receivables	 <u>\$58,750</u>	 <u>\$84,750</u>

All other receivables are due within the year ending June 30, 2019.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 7 – Property and Equipment

As of June 30, 2018 and 2017, property and equipment totaled as follows:

	<u>2018</u>	<u>2017</u>
Furniture	\$ 46,637	\$ 46,637
Software, computer and office equipment	139,699	139,699
Leasehold improvements	<u>27,827</u>	<u>27,827</u>
Total property and equipment	214,163	214,163
Less accumulated depreciation	<u>199,635</u>	<u>184,863</u>
Property and equipment, net	<u>\$ 14,528</u>	<u>\$ 29,300</u>

Note 8 – Computer Software Costs

As of June 30, 2018 and 2017, capitalized computer software costs totaled as follows:

	<u>2018</u>	<u>2017</u>
CareJourney	\$119,326	\$116,578
Less accumulated amortization	<u>32,561</u>	<u>9,577</u>
Computer software, net	<u>\$ 86,765</u>	<u>\$107,001</u>

During the year ended June 30, 2017, FCA expensed research and development costs related to CareJourney totaling \$84,619, expensed maintenance and customer support costs totaling \$29,639 and capitalized costs totaling \$116,578.

During the years ending June 30, expected amortization of capitalized computer software costs totals as follows:

2019	\$22,984
2020	22,984
2021	22,984
2022	17,813

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 9 – Temporarily Restricted Net Assets

During the year ended June 30, 2018, temporarily restricted net assets reconciled as follows:

<u>Purpose</u>	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Caregiver Connect: Alameda and Contra Costa Counties	\$ —	\$ 440,000	\$ 17,312	\$422,688
Dementia Capable Supports and Services Initiative	8,628	—	745	7,883
Family Caregiver Respite and Counseling	34,776	19,055	13,225	40,606
Family Caregiver Training	14,349	—	—	14,349
Family Caregiving Clearinghouse	5,907	—	—	5,907
Innovations in Alzheimer's Disease Caregiving Legacy Award	—	120,000	120,000	—
Medication Management Materials	50,000	—	50,000	—
Online Learning Communities	258,676	—	258,676	—
Online Resource for Comparing Evidence-Based Dementia Caregiving	—	310,932	24,836	286,096
Term endowment	<u>—</u>	<u>202,463</u>	<u>—</u>	<u>202,463</u>
Totals	<u>\$372,336</u>	<u>\$1,092,450</u>	<u>\$484,794</u>	<u>\$979,992</u>

During the year ended June 30, 2017, temporarily restricted net assets reconciled as follows:

<u>Purpose</u>	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Dementia Capable Supports and Services Initiative	\$ 10,000	\$ —	\$ 1,372	\$ 8,628
Family Care Navigator	42,312	—	42,312	—
Family Caregiver Respite and Counseling	103,008	8,882	77,114	34,776
Family Caregiver Training	14,349	—	—	14,349
Family Caregiving Clearinghouse	5,907	—	—	5,907
Innovations in Alzheimer's Disease Caregiving Legacy Award	—	120,000	120,000	—
Medication Management Materials	—	50,000	—	50,000
Online Learning Communities	<u>340,195</u>	<u>—</u>	<u>81,519</u>	<u>258,676</u>
Totals	<u>\$515,771</u>	<u>\$178,882</u>	<u>\$322,317</u>	<u>\$372,336</u>

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 10 – Bank Credit Line

FCA has available a revolving bank credit line of \$150,000 from a commercial bank. There were no borrowings due as of June 30, 2018 or 2017. Receivables secure the bank credit line. Amortized principal and fixed interest (at 10.50%) payments are due monthly. The bank credit line is subject to annual approval and renewal by the commercial bank, which last occurred effective November 14, 2017.

Note 11 – Endowment

FCA follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds” and the related state of California version of the UPMIFA (CA-UPMIFA).

Endowment funds subject to both FASB ASC 958-205 and CA-UPMIFA include the term endowment. Endowment funds subject to only FASB ASC 958-205 include board designated net assets.

FCA classifies and records net assets associated with endowment funds, including funds designated by the Board of Directors of FCA to function as endowments, based on the existence or absence of donor-imposed restrictions.

The Board of Directors of FCA has interpreted the CA-UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Because of this interpretation, FCA classifies as permanently restricted net assets the original value of gifts contributed to the permanent endowment, the original value of subsequent gifts to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that FCA does not classify as permanently restricted net assets FCA classifies as temporarily restricted net assets until the Board of Directors of FCA appropriates those amounts for expenditure by FCA in a manner consistent with the standard of prudence prescribed by CA-UPMIFA. In accordance with CA-UPMIFA, FCA considers various factors to determine whether to appropriate or accumulate donor-restricted endowment funds and incorporate the limitation under California state law of appropriations to seven percent of the fair value of the endowment funds.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 11 – Endowment (continued)

As of June 30, 2018, endowment funds totaled as follows:

	<u>Unrestricted</u>	Temporarily <u>restricted</u>	<u>Totals</u>
Board designated	\$526,131	\$ –	\$526,131
Donor restricted – Term endowment	—	<u>202,463</u>	<u>202,463</u>
Total endowment funds	<u>\$526,131</u>	<u>\$202,463</u>	<u>\$728,594</u>

During the years ended June 30, 2018, endowment funds reconciled as follows:

	<u>Unrestricted</u>	Temporarily <u>restricted</u>	<u>Totals</u>
Beginning of year	\$575,801	\$ –	\$575,801
Contributions	—	200,620	200,620
Dividends	11,729	1,843	13,572
Realized gain	10,124	—	10,124
Unrealized depreciation	668	(7,191)	(6,523)
Donor restricted endowment fund deficiency	(7,191)	7,191	—
Appropriated for expenditures	(935,000)	—	(935,000)
Board designations	<u>870,000</u>	<u>—</u>	<u>870,000</u>
End of year	<u>\$526,131</u>	<u>\$202,463</u>	<u>\$728,594</u>

As of June 30, 2017, endowment funds totaled as follows:

Board designated	<u>\$575,801</u>
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During the year ended June 30, 2017, endowment funds reconciled as follows:

Beginning of year	<u>\$597,774</u>
Contributions	19,905
Dividends	7,155
Unrealized appreciation	23,328
Appropriated for expenditures	(822,350)
Board designations	<u>749,989</u>
End of year	<u>\$575,801</u>

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 11 – Endowment (continued)

The fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or CA-UPMIFA requires FCA to retain as a fund of perpetual duration. FCA records deficiencies of this nature in unrestricted net assets. Deficiencies may result from unfavorable market fluctuations that occur shortly after the investment of new donor restricted contributions and continued appropriation for programs that the Board of Directors of FCA deems prudent. As the June 30, 2018 and 2017, there was no such deficiency.

FCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

The investment policy of FCA provides for diversification, preservation of capital and risk aversion. The long-term financial goal for FCA investments is to provide a relatively stable stream of spendable revenue that increases over time at least as fast as the general rate of inflation, as measured by the Consumer Price Index. The long-term investment objective for FCA investments is to maximize long-term real (i.e., after inflation) total returns (i.e., yield plus capital appreciation) while moderating fundamental investment risks.

The spending policy of FCA incorporates CA-UPMIFA and consists of a spending rate, approved by the Board of Directors of FCA annually. The spending rate should provide, to the extent practical, a steady stream of income from year to year, consistent with the need to preserve the endowment fund and accounting for the factors incorporated in CA-UPMIFA.

Board designated endowment funds are subject to redesignation at any time, including redesignation as other than endowment funds.

Note 12 – Lease Commitment

During the years ended June 30, 2018 and 2017, FCA leased office space under operating leases that expired November 30, 2016 and May 31, 2018, and will expire June 30, 2021. Required future minimum lease payments for the years ending June 30 total as follows:

2019	\$210,375
2020	216,686
2021	<u>223,186</u>
Required future minimum lease payments	<u>\$650,247</u>

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 12 – Lease Commitment (continued)

Occupancy costs include storage and other operating costs. During the years ended June 30, 2018 and 2017, rent expense totaled \$162,993 and \$159,549, respectively.

Note 13 – Employee Retirement Plan

FCA offers a defined contribution retirement plan for the benefit of its eligible employees under section 403(b) of the Internal Revenue Code (IRC). The Plan allows for employee elective contributions and for employer matching contributions. Matching contributions are determined annually at the discretion of the Board of Directors of FCA. Employee contributions are 100% vested. Employer contributions vest based on years of service and fully vest after five years of service. During the year ended June 30, 2018 and 2017, FCA matched 25% of the first \$10,000 of eligible employee deferrals. During the years ended June 30, 2018 and 2017, FCA matching contributions totaled \$32,010 and \$29,366, respectively.

Note 14 – Risks, Uncertainties and Concentrations

At various times during the years ended June 30, 2018 and 2017, FCA had deposits with a commercial bank in excess of federal deposit insurance limits.

As of June 30, 2018 and 2017, investments held by one custodian totaled 64% and 89% of total investments, respectively. Investments are not federally insured.

During the years ended June 30, 2018 and 2017, contributions received from one public charity totaled 9% and 14% of total support and revenue, respectively.

During the year ended June 30, 2018, contributions received from one private foundation, totaled 12% of total support and revenue.

During the years ended June 30, 2018 and 2017, government contract revenue received from one county totaled 25% and 19% of total support and revenue, respectively.

During the years ended June 30, 2018 and 2017, government contract revenue received from one state totaled 13% and 20% of total support and revenue, respectively.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2018

Note 14 – Risks, Uncertainties and Concentrations (continued)

A significant reduction in the level of contributions or government contract revenue, if it were to occur without replacement from other support and revenue, could adversely affect the extent of the programs and activities of FCA.

FCA receives support and revenue that may be subject to audit or review by the grantor or contractor agencies. Management of FCA believes that FCA has complied with all aspects of grant and contract provisions and disallowed costs, if any, would be insignificant to its financial position.

Note 15 – Related Party Transactions

FCA served as the fiscal agent for an entity whose president is a member of the Board of Directors. During the year ended June 30, 2018, FCA received grants totaling \$20,000, remitted \$19,000 to the entity and retained \$1,000 in fees, included in other income. During the year ended June 30, 2017, FCA received grants totaling \$672,000, remitted \$638,400 to the entity and retained \$33,600 in fees, included in other income.

Schedule of Expenditures of Federal Awards

Family Caregiver Alliance
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Grantors, awards and Pass-through entities	Contract numbers	CFDA	Gross expenditures	Matching	Net expenditures	Federal share	County share	Paid to subrecipients	
U.S. Department of Health and Human Services									
National Family Caregiver Support, Title III, Part E									
State of California, County of									
Alameda	900175	93.052	\$ 235,730	\$110,438	\$125,292	\$110,670	\$ 14,622	\$ -	
Contra Costa	40-368-2	93.052	175,202	49,896	125,306	125,306	-	-	
San Mateo	57000-17-R075228A	93.052	163,232	40,778	122,454	110,261	12,193	-	
San Francisco	0000099103	93.052	827,539	138,348	689,191	415,465	273,726	175,599	
Totals			93.052	\$1,401,703	\$339,460	\$1,062,243	\$761,702	\$300,541	\$175,599

Notes to the Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

The Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Family Caregiver Alliance (FCA) under programs passed-through from the federal government to the indicated counties for the year ended June 30, 2018. FCA presents the information in the SEFA in accordance with the requirements of Title 2 U.S. "Code of Federal Regulations" Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of FCA, it is not intended to and does not present the financial position, changes in net assets or cash flows of FCA.

Note B - Summary of Significant Accounting Policies

(1) FCA reports expenditures in the SEFA using the accrual basis of accounting. FCA recognizes such expenditures following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. In addition, the indicated counties may impose their own reimbursement limits.

(2) CFDA 93.052 requires a 25% match.

(3) FCA did not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



Report of the Independent Auditor 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 the **Family Caregiver Alliance**:

I 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 Family Caregiver Alliance (FCA), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 24, 2018.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the internal control over financial reporting of FCA (internal control) to determine the audit procedures that are appropriate in the circumstances to express my opinion on the financial statements, but not to express an opinion on the effectiveness of internal control. Accordingly, I do not express an opinion on the effectiveness of 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 internal control will not prevent, or detect and correct a material misstatement of the financial statements 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider material weaknesses. However, material weaknesses may exist that I have not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that I am required to report under “Government Auditing Standards.”

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance. This report is an integral part of an audit performed in accordance with “Government Auditing Standards” in considering internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Michael Smith, CPA
Petaluma, California
October 24, 2018



Report of the Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors of the **Family Caregiver Alliance**:

Report on Compliance for Each Major Federal Program

I have audited the compliance by Family Caregiver Alliance (FCA) with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the major federal programs of FCA for the year ended June 30, 2018. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the major federal programs of FCA.

Responsibility of Management

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Responsibility of the Auditor

My responsibility is to express an opinion on compliance for each of the major federal programs of FCA based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. "Code of Federal Regulations" Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of compliance by FCA.

Opinion on Each Major Federal Program

In my opinion, FCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of FCA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered internal control over compliance by FCA with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances to express an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to express an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that internal control over compliance will not prevent, or detect and correct material noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider material weaknesses. However, material weaknesses may exist that I have not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Michael Smith, CPA

Petaluma, California

October 24, 2018

Family Caregiver Alliance
Schedule of Findings and Questioned Costs
June 30, 2018

Summary of Audit Results

1. The audit report expresses an unmodified opinion on whether Family Caregiver Alliance prepared its financial statements in accordance with accounting principles generally accepted in the United States of America.
2. The audit disclosed no instances of noncompliance material to the financial statements of Family Caregiver Alliance that Government Auditing Standards require to be reported.
3. The audit report on compliance for the major federal programs of Family Caregiver Alliance, expresses an unmodified opinion on all major federal programs.
4. This schedule reports audit findings that I am required to report in accordance with 2 CFR section 200.516(a).
5. The program tested as a major federal program was:
U.S. Department of Health and Human Services
National Family Caregiver Support, Title III, Part E
CFDA 93.052
6. The threshold for distinguishing Type A and B programs was \$750,000.
7. Family Caregiver Alliance does not qualify as a low-risk auditee.

Summary Schedule of Prior Audit Findings

None

Findings – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None