

SOCIAL SCIENCE SERVICES, INC.

**Independent Auditors' Report
and Financial Statements**

**For the Year Ended
June 30, 2019**



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SOCIAL SCIENCE SERVICES, INC.

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June 30, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Social Science Services, Inc.
Bloomington, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Social Science Services, Inc. (the "Organization") (a California corporation) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT

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

Opinion


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 2019 and the changes in its net assets and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 1 to the financial statements, management has elected to adopt Accounting Standards Update (ASU) No. 2106-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2020 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's 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 Organization's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP
Glendora, California
February 12, 2020

FINANCIAL SECTION

SOCIAL SCIENCE SERVICE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,512,605
Accounts receivable	1,504,708
Prepaid expenses	51,147
Total current assets	3,068,460

NON-CURRENT ASSETS

Restricted bond, reserve	242,310
Capital assets - net of accumulated depreciation	2,360,648
Total non-current assets	2,602,958

TOTAL ASSETS	\$ 5,671,418
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 1,180,282
Accrued expenses and other liabilities	374,492
Notes and bonds payable, current	163,107
Total current liabilities	1,717,881

NON-CURRENT LIABILITIES

Long-term liabilities	
Bonds and notes payable, net of current portion	289,969
Total non-current liabilities	289,969
Total liabilities	2,007,850

NET ASSETS

Net assets without donor restrictions	3,619,714
Net assets with donor restrictions	43,854
Total net assets	3,663,568

TOTAL LIABILITIES AND NET ASSETS	\$ 5,671,418
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See accompanying notes to the financial statements.

SOCIAL SCIENCE SERVICE, INC.

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT, AND GAINS			
Public support			
Substance rehabilitation service contracts and grants	\$ 5,567,339	\$ -	\$ 5,567,339
Contributions	237,688	-	237,688
Total public support	<u>5,805,027</u>	-	<u>5,805,027</u>
Private pay	8,665	233,209	241,874
Miscellaneous	15,144	-	15,144
Net assets released	189,355	(189,355)	-
Total public support, revenues and gains	<u>6,018,191</u>	<u>43,854</u>	<u>6,062,045</u>
EXPENSES AND LOSSES			
Program services expense	5,197,882	-	5,197,882
Management and general	926,798	-	926,798
Fundraising	22,388	-	22,388
Total expense	<u>6,147,068</u>	-	<u>6,147,068</u>
CHANGE IN NET ASSETS	<u>(128,877)</u>	<u>43,854</u>	<u>(85,023)</u>
Net Assets - Beginning of year	<u>3,748,591</u>	-	<u>3,748,591</u>
NET ASSETS - END OF YEAR	<u>\$ 3,619,714</u>	<u>\$ 43,854</u>	<u>\$ 3,663,568</u>

See accompanying notes to the financial statements.

SOCIAL SCIENCE SERVICES, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2019**

	Program Services							Total	Management and General	Fundraising	Total
	Residential	Withdrawal Management	Sober Living	Apple Valley	Maple House	DUI Program	Outpatient				
Salaries and payroll fees	\$ 1,771,492	\$ 394,575	\$ -	\$ 149,221	\$ 344,032	\$ 114,445	\$ 197,041	\$ 2,970,806	\$ 582,241	\$ -	\$ 3,553,047
Payroll taxes	149,228	34,737	-	14,946	28,145	9,345	16,035	252,436	46,069	-	298,505
Employee benefits	255,512	51,462	-	7,738	50,474	23,549	25,279	414,014	94,126	-	508,140
Contract labor	5,513	48,488	-	-	-	-	-	54,001	36,658	3,884	94,543
Legal and professional fees	9,398	1,969	9,627	648	1,509	502	851	24,504	24,472	160	49,136
Supplies	71,199	8,042	402	5,172	7,280	3,825	4,899	100,819	11,696	-	112,515
Rent	-	-	-	40,200	-	-	-	40,200	-	-	40,200
Equipment lease	15,036	3,272	-	-	-	931	1,667	20,906	4,833	-	25,739
Telephone	70,961	5,159	1,586	1,300	542	1,900	3,390	84,838	8,677	-	93,515
Travel and seminars	9,801	878	-	3,223	2,541	851	950	18,244	26,926	-	45,170
Insurance	29,580	6,493	-	2,079	4,918	1,856	3,274	48,200	9,632	-	57,832
Medical exams and drugs	56,253	10,645	-	-	6,371	-	3,022	76,291	-	-	76,291
Kitchen	287,723	25,791	-	16,705	18,118	-	-	348,337	-	-	348,337
Program fees	21,965	343	-	39	3,963	8,934	1,590	36,834	-	-	36,834
Administration	54,436	9,636	216	5,870	10,215	2,868	4,705	87,946	28,062	55	116,063
Maintenance and occupancy	276,939	13,138	11,257	38,954	43,262	10,765	8,402	402,717	21,620	-	424,337
Dues and subscriptions	3,365	50	69	958	185	317	12	4,956	4,386	1,200	10,542
Advertising	382	39	-	193	-	-	-	614	2,362	-	2,976
Laundry	7,623	588	-	94	5,104	-	-	13,409	-	-	13,409
Client activities and services	16,579	1,463	-	2,939	3,328	510	3,899	28,718	1,430	17,089	47,237
Other	-	-	-	16,347	-	-	-	16,347	-	-	16,347
Total expenses by function	<u>3,112,985</u>	<u>616,768</u>	<u>23,157</u>	<u>306,626</u>	<u>529,987</u>	<u>180,598</u>	<u>275,016</u>	<u>5,045,137</u>	<u>903,190</u>	<u>22,388</u>	<u>5,970,715</u>
Interest	9,567	1,032	7,758	-	-	165	296	18,818	17,185	-	36,003
Depreciation	<u>99,852</u>	<u>8,429</u>	<u>2,308</u>	<u>83</u>	<u>15,958</u>	<u>3,718</u>	<u>3,579</u>	<u>133,927</u>	<u>6,423</u>	<u>-</u>	<u>140,350</u>
Total expenses	<u>\$ 3,222,404</u>	<u>\$ 626,229</u>	<u>\$ 33,223</u>	<u>\$ 306,709</u>	<u>\$ 545,945</u>	<u>\$ 184,481</u>	<u>\$ 278,891</u>	<u>\$ 5,197,882</u>	<u>\$ 926,798</u>	<u>\$ 22,388</u>	<u>\$ 6,147,068</u>

See accompanying notes to the financial statements.

SOCIAL SCIENCE SERVICES, INC.

**STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customer and users	\$ 7,841,370
Payments to employees	(4,279,026)
Payments to vendors and suppliers	(2,867,998)
Net cash provided by operating activities	<u>694,346</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of capital assets	(174,034)
Bond reserve	(10,738)
Net cash used by investing activities	<u>(184,772)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal on long-term debt	(187,071)
Net cash used by financing activities	<u>(187,071)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	322,503
Cash and Cash Equivalents - Beginning of Year	<u>1,190,102</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,512,605</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ <u>(85,023)</u>
Adjustments to reconcile change in net assets to cash provided by operations:	
Depreciation and amortization	157,002
Contributed property	(120,000)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	796,722
Prepaid expenses	38,149
Increase (decrease) in liabilities:	
Accounts payable	(173,170)
Accrued expense	80,666
Total adjustments	<u>779,369</u>
Net cash provided by operating activities	<u>\$ 694,346</u>

See accompanying notes to the financial statements.

SOCIAL SCIENCE SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Social Science Services, Inc. (the “Organization”), is a not-for-profit corporation formed in 1973 that provides drug and alcohol recovery programs.

Riverside Substance Use Disorder Treatment – Clients are referred by Riverside University Health System (RUHS), Substance Use Community Access, Referral, Evaluation, and Support (SU CARES) Line. Through contractual agreement, clients are accepted into treatment from 7 to 120-days dependent upon meeting medical necessity. All clients are assessed for level of care through a screening tool and treatment addresses problems with addiction through group education, processing and individual sessions with registered or certified counselors.

San Bernardino Substance Use Disorder Treatment and Co-Occurring – Clients are referred by Substance Use Disorder and Recovery Services (SUDRS), Screening Assessment and Referral Center (SARC). Through contractual agreement, clients are accepted into treatment from 7 to 120-days dependent upon meeting medical necessity. All clients are assessed for level of care through a screening tool and treatment addresses problems with addiction through group education, processing and individual sessions with registered or certified counselors.

San Bernardino and Children and Family Services Outpatient Treatment – Clients are either self-referred or referred by Children and Family Services. Through contractual agreements, clients are accepted into outpatient treatment up to 6-months dependent upon meeting medical necessity. All clients are assessed for level of care through a screening tool and treatment addresses problems with addiction through group education, processing and individual sessions with registered or certified counselors.

Private Pay - Through insurance and cash payment, clients are able to receive drug and alcohol treatment. Fees are determined by per diem costs for services such as medical, counseling, housing and meals.

Drinking Driver Program - The fee for service program is provided to educate and counsel men and women who have been referred by the courts as a result of police arrest for driving under the influence of alcohol and or drugs.

Transitional Housing – This is a fee for service program. Clients are referred by various agencies through contractual agreements spaces for housing are provided to transitional aged youth (ages 18-25). We provide housing/room & board where residents work towards self-sufficiency.

SOCIAL SCIENCE SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sober Living – This is a fee for service program. Clients are referred by various agencies and through contractual agreements spaces for housing are provided to male adults recovering from a substance use disorder who are in need of a structured environment. We provide housing/room & board where residents work towards self-sufficiency.

Basis of Preparation

The following is a summary of the significant accounting policies of Social Science Services, Inc., and is presented to assist in understanding the financial statements. The financial statements and integral notes are representations of the members of the Board of Directors, who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Functional Allocation of Expenses

The costs of providing various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and activities. Building related expenses are allocated by bed days or square footage. Food and related expenses are also allocated based on bed days. Payroll and related expenses and other administrative expenses are allocated based on actual salaries per program.

Cash and Cash Equivalents

Cash and cash equivalents are considered all cash and highly liquid financial instruments with original maturities of three months or less. Cash and highly liquid financial instruments restricted for long-term purposes are excluded from this definition and include bond reserves held in short term fixed deposits.

Accounts Receivable

Accounts receivable consist primarily of grant amounts due from county agencies under a reimbursement payment system. Management has recorded these amounts at expected realizable value.

SOCIAL SCIENCE SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Noninterest-bearing amounts due for services from private payers are recorded at billed amounts. Management has not established a reserve for uncollectible accounts based on historical experience of collections.

Property and Equipment

Property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to fifty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Bond Issue Costs

Deferred bond offering costs are amortized using the effective interest rate method over the life of the bonds. Annual amortization expense at June 30, 2019 was \$16,652. As of June 30, 2019, \$19,427 of unamortized costs associated with bond issuance costs were recorded net of current and long term portion of bonds payable.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Driving Driver Program receipts are considered restricted because they must be used only to provide court mandated education until such time as the agency mandates an expenditure from the residual balance.

SOCIAL SCIENCE SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received from agencies who must give permission for specified uses of funds are considered to be restricted. When the restriction expires or the agency directs funds to be expended, the restriction is reclassified as “Net Assets Released from Restrictions.”

Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (US GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Income Taxes

Social Science Services, Inc. is a not for profit organization that is tax exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23401 of the California tax code classified by the Internal Revenue Service as other than a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Organizations continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. The Organization does not engage in any unrelated trade or business, as such management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore no disclosures of uncertain income tax positions are required. The Organization files information returns in the U.S. federal jurisdiction and the state of California.

SOCIAL SCIENCE SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Subsequent Events

In October 2011, the Organization issued serial bonds with a final maturity date in 2024. In September 2019, the Organization liquidated the bonds payable.

Social Science Services, Inc. has evaluated subsequent events through February 12, 2020 which is the date these financial statements were available to be issued. Other than as noted above, there were no subsequent events that would require adjustments to or disclosure in the financial statements except as already disclosed in these financial statements.

NOTE 2: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,512,605
Accounts receivable	1,504,708
Net assets with restrictions	<u>(43,854)</u>
	<u>\$ 2,973,459</u>

Cash and cash equivalents include donor restricted amounts of which those restrictions will be met during the normal course of operations.

As part of the Organization's liquidity management plan, the Organization invests its cash in excess of daily requirements in interest bearing accounts.

SOCIAL SCIENCE SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable for the year ended the year ended June 30, 2019, was as follows:

San Bernardino County	\$ 1,070,436
Riverside County	380,719
Other	53,553
Total	<u>\$ 1,504,708</u>

NOTE 4: DEBT SERVICE RESERVE ACCOUNT WITH BOND TRUST

Restricted cash deposits with bond trustee for the year ended June 30, 2019, was as follows:

Principal payment account: These funds are used for the future payment of principal on bond indebtedness.	\$ 130,920
Interest revenue account: These funds are used for the future payment of interest on bond indebtedness.	4,688
Reserve account: These funds are held in trust as a reserve for purchase payments.	<u>106,702</u>
Total	<u>242,310</u>

NOTE 5: FIXED ASSETS

Fixed assets for the year ended June 30, 2019, was as follows:

Land	\$ 1,084,900
Buildings	1,325,000
Leasehold Improvements	810,203
Equipment & Fixtures	517,938
Vehicles	140,410
Apple Valley Residence	<u>70,863</u>
Total property and equipment	3,949,314
Less: Accumulated depreciation	(1,638,856)
Construction in progress	<u>50,190</u>
Total	<u>\$ 2,360,648</u>

SOCIAL SCIENCE SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 5: FIXED ASSETS

Depreciation for the fiscal year ended June 30, 2019 was \$140,350.

NOTE 6: ACCRUED EXPENSES

Accrued expense for the year ended June 30, 2019, was as follows:

Vacation	\$	168,583
Payroll		196,960
Other		8,949
Total	\$	<u>374,492</u>

NOTE 7: DEBT

Notes Payable

Notes payable are secured by the building and land located adjacent to the operating facility in Bloomington, CA. The note is payable in payments of \$4,986 per month including interest at 3%. The note is due March 2023. The balance due on the notes at June 30, 2019 was \$207,503.

Bonds Payable

In October 2011, the Organization issued serial bonds. A portion of the bonds are retired annually. The trustee of the bond issue is US Bank. The outstanding bonds have interest rates ranging from 0.9% to 3.7%. The balance due on the bonds at June 30, 2019 was \$265,000. In September 2019, the Organization liquidated the bond payable.

The credit facility requires the Organization to maintain certain levels of cash on hand, capital replacement fund and a minimum debt service ratio on a quarterly basis. The Organization was in compliance in each of the areas as of June 30, 2019.

SOCIAL SCIENCE SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 7: DEBT

Future Maturity of Debt

Future maturity of debt for the year ended June 30, was as follows:

	<u>Bonds</u>	<u>Notes</u>	<u>Total</u>
2020	\$ 130,000	\$ 49,758	\$ 179,758
2021	135,000	55,864	190,864
2022	-	57,563	57,563
2023	-	44,318	44,318
2024	-	-	-
Total	<u>\$ 265,000</u>	<u>\$ 207,503</u>	<u>\$ 472,503</u>
Less unamortized issuance cost	(19,427)	-	(19,427)
Total	<u><u>\$ 245,573</u></u>	<u><u>\$ 207,503</u></u>	<u><u>\$ 453,076</u></u>

NOTE 8: LEASES

The Organization has two lease agreements for its use of office and equipment. The facility and equipment are leased under operating leases with the last lease expiring in 2022. Lease expense for the year ended June 30, 2019 was \$68,940.

Future minimum payments required under the leases are as follows:

<u>Year ending June 30,</u>	
2020	\$ 68,880
2021	65,400
2022	48,000
	<u>\$ 182,280</u>

NOTE 9: CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents with two major financial institutions. The accounts are guaranteed by the FDIC up to \$250,000. At June 30, 2019, the Organization had \$1,181,991 in excess of the FDIC insured limit, respectively. The Organization has not experienced any losses in these accounts and management believes it is not exposed to significant risk in these accounts.

At June 30, 2019, the contracts with the County of San Bernardino amounted to 62.53% of all revenue. If the county budget should change, loss of this revenue could severely impair the Organization's ability to sustain operations.

SOCIAL SCIENCE SERVICES, INC.

**NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2019**

NOTE 9: CONCENTRATION OF CREDIT RISK

At June 30, 2019, the contracts with the County of Riverside amounted to 22.48% of all revenue. If the county budget should change, loss of this revenue could severely impair the Organization's ability to sustain operations.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Grant Funding

The Organization has received state and federal funds for specific purposes, which 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 reimbursement will not be material or has been accrued in the financial statements.

Litigation

The Organization is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial statements.

OTHER INDEPENDENT AUDITORS' REPORT



**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***

Board of Directors
Social Science Services, Inc.
Bloomington, CA

We have audited, 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, the financial statements of Social Science Services, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2019, 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 February 12, 2020.

Internal Control Over Financial Reporting

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

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

**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***

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 limitation, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CliftonLarsonAllen LLP
Glendora, California
February 12, 2020

FINDINGS AND RESPONSES

SOCIAL SCIENCE SERVICES, INC.

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

There were no findings related to the basic financial statements for the year ended June 30, 2019.

SOCIAL SCIENCE SERVICES, INC.
STATUS OF PRIOR YEAR FINDINGS
June 30, 2019

There were no findings related to the basic financial statements for the year ended June 30, 2018.

SOCIAL SCIENCE SERVICES, INC.

REPORT ON SINGLE AUDIT

June 30, 2019



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SOCIAL SCIENCE SERVICES, INC.

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**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***

Board of Directors
Social Science Services, Inc.
Bloomington, CA

We have audited, 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, the financial statements of the Social Science Services, Inc. (the Organization), which comprise the statement of financial position as June 30, 2019 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 our report thereon dated February 12, 2020.

Internal Control Over Financial Reporting

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

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

**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***

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 the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
February 12, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Social Science Services, Inc.
Bloomington, CA

Report on Compliance for Each Major Federal Program

We have audited Social Science Services, Inc.'s (the Organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 we 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 the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Opinion on Each Major Federal Program

In our opinion, the Organization complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Major Federal Programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance 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 for the purpose of expressing 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 for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, 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, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Our 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization, as of and for the year ended June 30, 2019, and have issued our report thereon dated February 12, 2020 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Glendora, California

March 27, 2020

SOCIAL SCIENCE SERVICES, INC.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services			
Block Grants for Community Mental Health Services			
Passed through County of San Bernardino:			
Residential Co-occurring Treatment Services	93.958	17-302	\$ 23,456
Total Block Grants for Community Mental Health Services			<u>23,456</u>
Block Grants for Prevention and Treatment of Substance Abuse			
Passed through County of San Bernardino:			
Substance Use Disorder Services & Intensive Outpatient Treatment	93.959	17-339	41,410
Substance Use Disorder Residential Recovery Treatment Program	93.959	15-425/2019-3	1,627,846
Passed through County of Riverside:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	1,258,181
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>2,927,437</u>
Medicaid Cluster			
Medical Assistance Program - Medicaid; Title XIX			
Passed through County of San Bernardino:			
Substance Use Disorder Services & Intensive Outpatient Treatment	93.778	17-339	90,419
Substance Use Disorder Residential Recovery Treatment Program	93.778	15-425/2019-3	924,162
Total Medical Assistance Program - Medicaid Cluster			<u>1,014,581</u>
Total Department of Health and Human Services Programs			<u>3,965,474</u>
Total Expenditures of Federal Awards			<u>\$ 3,965,474</u>

The accompanying notes are an integral part of this schedule.

SOCIAL SCIENCE SERVICES, INC.

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of the 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 Schedule presents only a selected portion of operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

SOCIAL SCIENCE SERVICES, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section I: Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP, February 12, 2020: *Unmodified*

Internal control over financial reporting:

Material weaknesses identified? *No*

Significant deficiencies identified? *No*

Noncompliance material to financial statements noted? *No*

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? *No*

Significant deficiencies identified? *No*

Type of auditors' report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? *Yes*

Identification of major federal programs:

Block Grants for Prevention and Treatment of Substance Abuse, CFDA #93.959

Dollar threshold used to distinguish between type A and type B programs: *\$750,000*

Auditee qualified as low-risk auditee? *No*

SOCIAL SCIENCE SERVICES, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section II: Financial Statement Findings

None

SOCIAL SCIENCE SERVICES, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Section III—Federal Award Findings and Questioned Costs

2019-001

- Other Matters

Federal Agency	Department of Health and Human Services		
	Block Grants for Prevention and Treatment of Substance Abuse	Block Grants for Community Mental Health Services	Medical Assistance Program
Federal Program Name	93.959	93.958	93.778
CFDA No.	93.959	93.958	93.778
Pass-Through Agency	County of San Bernardino	County of San Bernardino	County of San Bernardino
Pass-Through Entity No.	17-339 and 15-425	17-302 and 15-344	17-339 and 15-425
Pass-Through Agency	County of Riverside		County of Riverside
Pass-Through Entity No.	Unavailable		Not available
Federal Award Period	2019	2019	2019
Original Finding Number		2018-001	2018-001
Compliance Requirement	A - Allowable Activities I - Procurement I - Suspension and Debarment	A - Allowable Activities I - Procurement I - Suspension and Debarment	A - Allowable Activities I - Procurement I - Suspension and Debarment
Questioned Costs	None	None	None

Condition: The Organization did not provide written policies and procedures in place that conform to the specific Code of Federal Regulations and Uniform Guidance outlined below. Documentation is required to demonstrate compliance with Federal requirements related to procurement, suspension and debarment, to provide reasonable assurance that federal awards are expended only for allowable activities. The policies and procedures must also document that procurement policies support free and open competition, justification of the lowest vendor or a cost analysis as appropriate. The Organization does follow the requirements outlined per County grant documents.

Criteria or specific requirement: Organizations that expend Federal funds must use documented allowability procedures that conform to 2 CFR 200.403(C); documented suspension and debarment procedures that conform to guidance in 2 CFR Section 190.300 and documented procurement procedures that conform to guidance in 2 CFR Section 200.317-326, as revised for Uniform Guidance. Procurement policies and procedures in compliance with the Uniform Guidance, in particular, must be in place by July 1, 2018.

Context: The organization had not completed revision to written policies and procedures for cost allowability, suspension and debarment, or procurement in compliance with current Uniform Guidance as of June 30, 2019.

Effect: The Organization is not in compliance with the various Code of Federal Regulations and Uniform Guidance policy documentation noted above.

SOCIAL SCIENCE SERVICES, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Cause: The Organization completed its process of revising its current policies and procedures to be in compliance with the Code of Federal Regulations and Uniform Guidance, including documenting those policies and procedures subsequent to June 30, 2019.

Repeat Finding: This is a repeat finding of 2018-001.

Recommendation: The Organization should complete the developed and documentation of policies and procedures associated with procurement, suspension and debarment, and allowable activities that are in compliance with the Code of Federal Regulations and Uniform Guidance requirements.

Views of responsible officials: The Controller, in collaboration with other department managers, has recently developed and documented the Agency's policies and procedures on procurement, suspension and debarment, and allowable activities that are in compliance with the Code of Federal Regulations and Uniform Guidance requirements. Completion for the above-mentioned policies and procedures occurred between October 2019 and December 2019 and were fully implemented into practice during the October 2019 to January 2020 timeframe.



Oversight Agency for Audit

County of San Bernardino
County of Riverside

Social Sciences, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2019

Audit Period: July 1, 2018-June 30, 2019

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

Section III—Federal Award Findings and Questioned Costs

2019 – 001

Type of Finding: Compliance

Federal Agency	Department of Health and Human Services		
	Block Grants for Prevention and Treatment of Substance Abuse	Block Grants for Community Mental Health Services	Medical Assistance Program
Federal Program Name	Block Grants for Prevention and Treatment of Substance Abuse	Block Grants for Community Mental Health Services	Medical Assistance Program
CFDA No.	93.959	93.958	93.778
Pass-Through Agency	County of San Bernardino	County of San Bernardino	County of San Bernardino
Pass-Through Entity No.	17-339 and 15-425	17-302 and 15-344	17-339 and 15-425
Pass-Through Agency	County of Riverside		County of Riverside
Pass-Through Entity No.	Unavailable		Not available
Federal Award Period	2019	2019	2019
Original Finding Number		2018-001	2018-001
Compliance Requirement	A - Allowable Activities I - Procurement I - Suspension and Debarment	A - Allowable Activities I - Procurement I - Suspension and Debarment	A - Allowable Activities I - Procurement I - Suspension and Debarment
Questioned Costs	None	None	None

Recommendation: The Organization should develop and document policies and procedures that provide reasonable assurance that expenses incurred are only for allowable activities of the federal awards and that follow procurement, suspension and debarment policies that are in compliance with the Code of Federal Regulations and Uniform Guidance requirements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Planned corrective actions: The Controller, in collaboration with other department managers, has recently developed and documented the Agency’s policies and procedures on procurement, suspension and debarment and allowable activities that are in compliance with the Code of Federal Regulations and Uniform Guidance requirements.

Names(s) of the contact person(s) responsible for the corrective action: Amelia A. Toledo, Controller

Planned completion date for the corrective action plan: The Controller, in collaboration with other department managers, had developed and documented the Agency's policies and procedures on procurement, suspension and debarment and allowable activities that are in compliance with the Code of Federal Regulations and Uniform Guidance requirements. Completion for the above-mentioned policies and procedures occurred between October 2019 and December 2019 and were fully implemented into practice during October 2019 to January 2020 timeframe.

Oversight Agency for Audit

County of San Bernardino
County of Riverside

Social Sciences, Inc. respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2018

Audit Period: July 1, 2017-June 30, 2018

The finding from the schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

Section III—Federal Award Findings and Questioned Costs

2018 – 001

Type of Finding: Other Matters

Federal Agency	Department of Health and Human Services	
	Block Grants for Community Mental	
Federal Program Name	Health Services	Medical Assistance Program
CFDA No.	93.958	93.778
Pass-Through Agency	County of San Bernardino	County of San Bernardino
Pass-Through Entity No.	17-302 and 15-344	17-339 and 15-425
Pass-Through Agency		County of Riverside
Pass-Through Entity No.		Not available
Federal Award Period	2018	2018
Compliance Requirement	A - Allowable Activities I - Procurement I - Suspension and Debarment	A - Allowable Activities I - Procurement I - Suspension and Debarment
Questioned Costs	None	None

Condition: The Organization did not provide written policies and procedures in place that conform to the specific Code of Federal Regulations and Uniform Guidance outlined below. Documentation is required to demonstrate compliance with Federal requirements related to procurement, suspension and debarment, to provide reasonable assurance that federal awards are expended only for allowable activities. The policies and procedures must also document that procurement policies support free and open competition, justification of the lowest vendor or a cost analysis as appropriate. The Organization does follow the requirements outlined per County grant documents.

Status: See current year finding 2019-001

Reason for Finding's Recurrence: The Organization was in the process of revising its current policies and procedures to be in compliance with the Code of Federal Regulations and Uniform Guidance, including documenting those policies and procedures; although recently completed, they were not completed and implemented by June 30, 2019.

Views of responsible officials and planned corrective actions: The Controller, in collaboration with other department managers, has recently developed and documented the Agency's policies and procedures on procurement, suspension and debarment and allowable activities that are in compliance with the Code of Federal Regulations and Uniform Guidance requirements. Completion for the above-mentioned policies and procedures occurred between October 2019 and December 2019 and were fully implemented into practice during October 2019 to January 2020 timeframe.