

SOCIAL SCIENCE SERVICES, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020



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**SOCIAL SCIENCE SERVICES, INC.
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INDEPENDENT AUDITORS' REPORT

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

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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.

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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2021 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 22, 2021

FINANCIAL SECTION

SOCIAL SCIENCE SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,535,838
Accounts Receivable	1,903,973
Prepaid Expenses	120,308
Total Current Assets	3,560,119

NONCURRENT ASSETS

Capital Assets - Net of Accumulated Depreciation	2,248,692
Total Noncurrent Assets	2,248,692

Total Assets	\$ 5,808,811
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 1,085,965
Accrued Expenses and Other Liabilities	238,782
Mortgage Payable, Current	55,864
Paycheck Protection Program (PPP) Loan	246,134
Total Current Liabilities	1,626,745

NONCURRENT LIABILITIES

Mortgage Payable, Net of Current Portion	97,289
Paycheck Protection Program (PPP) Loan	603,763
Total Noncurrent Liabilities	701,052

Total Liabilities	2,327,797
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NET ASSETS

Net Assets Without Donor Restrictions	3,405,498
Net Assets With Donor Restrictions	75,516
Total Net Assets	3,481,014

Total Liabilities and Net Assets	\$ 5,808,811
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See accompanying Notes to Financial Statements.

SOCIAL SCIENCE SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Public Support:			
Substance Rehabilitation Service			
Contracts and Grants	\$ 6,304,415	\$ -	\$ 6,304,415
Contributions	247,283	-	247,283
Total Public Support	6,551,698	-	6,551,698
Private Pay	145,132	199,092	344,224
Miscellaneous	18,702	-	18,702
Net Assets Released	167,430	(167,430)	-
Total Public Support, Revenues, and Gains	6,882,962	31,662	6,914,624
 EXPENSES AND LOSSES			
Program Services Expense	6,081,921	-	6,081,921
Management and General	909,687	-	909,687
Fundraising	105,570	-	105,570
Total Expense	7,097,178	-	7,097,178
 CHANGE IN NET ASSETS	(214,216)	31,662	(182,554)
 Net Assets - Beginning of Year	3,619,714	43,854	3,663,568
 NET ASSETS - END OF YEAR	\$ 3,405,498	\$ 75,516	\$ 3,481,014

See accompanying Notes to Financial Statements.

SOCIAL SCIENCE SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services							Total	Management and General	Fundraising	Total
	Residential	Withdrawal Management	Sober Living	Apple Valley	Maple House	DUI Program	Outpatient				
Salaries and Payroll Fees	\$ 2,217,257	\$ 405,298	\$ 12,716	\$ 174,229	\$ 347,317	\$ 108,991	\$ 190,113	\$ 3,455,921	\$ 596,360	\$ 66,897	\$ 4,119,178
Payroll Taxes	178,157	33,904	970	15,700	28,955	8,836	15,569	282,091	46,843	5,023	333,957
Employee Benefits	369,235	59,734	2,470	14,629	37,993	15,165	22,782	522,008	78,194	3,560	603,762
Contract Labor	21,678	47,268	-	6,677	1,991	1,500	-	79,114	24,608	9,846	113,568
Legal and Professional Fees	62,593	10,251	184	2,350	4,701	1,499	2,711	84,289	6,512	-	90,801
Housekeeping Supplies	26,661	2,117	1,232	6,784	3,239	387	766	41,186	1,382	-	42,568
Rent	-	-	-	48,000	-	-	-	48,000	-	-	48,000
Equipment Lease	15,370	3,090	80	-	2,428	809	1,273	23,050	3,659	-	26,709
Telephone	74,257	11,398	2,262	2,632	9,920	2,855	4,924	108,248	13,884	541	122,673
Travel and Seminars	14,283	2,245	62	3,983	2,028	467	934	24,002	25,566	1,680	51,248
Insurance	32,146	3,365	162	1,460	2,887	897	1,594	42,511	19,558	512	62,581
Medical Exams and Drugs	111,913	13,109	26	744	9,620	9	20,227	155,648	67	511	156,226
Kitchen	247,883	20,295	11,771	16,152	22,809	-	-	318,910	-	39	318,949
Program Fees	22,106	263	9,945	255	217	6,716	1,976	41,478	223	1,075	42,776
Administration	126,870	23,551	502	6,416	24,523	7,006	11,353	200,221	43,180	4,280	247,681
Maintenance and Occupancy	293,358	21,717	11,928	23,596	46,822	3,858	7,520	408,799	13,161	-	421,960
Dues and Subscriptions	3,879	494	15	494	744	544	252	6,422	2,188	2,188	10,798
Advertising	-	-	-	300	-	-	-	300	-	1,554	1,854
Laundry	9,733	809	-	277	3,669	-	-	14,488	-	-	14,488
Client Activities and Services	21,560	5,500	-	956	5,612	102	1,841	35,571	569	7,864	44,004
Other	-	-	-	13,616	-	-	-	13,616	-	-	13,616
Total Expenses by Function	3,848,939	664,408	54,325	339,250	555,475	159,641	283,835	5,905,873	875,954	105,570	6,887,397
Interest	-	-	11,151	-	-	-	-	11,151	-	-	11,151
Depreciation	122,653	11,160	2,308	992	18,461	4,270	5,053	164,897	11,806	-	176,703
Amortization of Bond Issuance Costs	-	-	-	-	-	-	-	-	21,927	-	21,927
Total Expenses	\$ 3,971,592	\$ 675,568	\$ 67,784	\$ 340,242	\$ 573,936	\$ 163,911	\$ 288,888	\$ 6,081,921	\$ 909,687	\$ 105,570	\$ 7,097,178

See accompanying Notes to Financial Statements.

SOCIAL SCIENCE SERVICES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customer and Users	\$ 7,528,460
Payments to Employees	(5,192,607)
Payments to Vendors and Suppliers	(3,007,079)
Interest Paid	(11,151)
Net Cash Used by Operating Activities	(682,377)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Capital Assets	(64,747)
Bond Reserve	242,310
Net Cash Provided by Investing Activities	177,563

CASH FLOWS FROM FINANCING ACTIVITIES

Principal on Long-Term Debt	(321,850)
Proceeds from PPP Loan	849,897
Net Cash Provided by Financing Activities	528,047

NET INCREASE IN CASH AND CASH EQUIVALENTS

23,233

Cash and Cash Equivalents - Beginning of Year

1,512,605

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,535,838

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES

Change in Net Assets	\$ (182,554)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Depreciation and Amortization	198,630
Changes in Assets:	
Accounts Receivable	(399,265)
Prepaid Expenses	(69,161)
Change in Liabilities:	
Accounts Payable	(94,317)
Accrued Expense	(135,710)
Net Cash Used by Operating Activities	\$ (682,377)

See accompanying Notes to Financial Statements.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Social Science Services, Inc. (the Organization), is a nonprofit 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 and board where residents work towards self-sufficiency.

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 and board where residents work towards self-sufficiency.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 U.S. generally accepted accounting principles (US GAAP) 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 US GAAP.

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.

Noninterest-bearing amounts due for services from private payors 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.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Issue Costs

Deferred bond offering costs are amortized using the effective interest rate method over the life of the bonds. Annual amortization expense during the fiscal year ended June 30, 2020 was \$21,927. As of June 30, 2020, the bonds were fully liquidated.

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.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability of the Organization. The entire uncompensated absences liability is reported on the statement of financial position. Employees of the Organization are paid for hours accrued based upon Board approved schedules. Sick leave is accumulated based on full-time or part-time status which are available for use on the first day following 90 days of employment.

Revenue Recognition

Government Grants – A significant portion of the Organization's revenue is derived from cost-reimbursable contracts and grants with local governmental agencies, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract of grant provisions. Government grants include San Bernardino County grants and Riverside County grants on the statement of activities.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Program Service Fees – Program service fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. These amounts are due from clients, third-party payors (including health insurers and government agencies), and others. Generally, the Organization bills the participants and third-party payors monthly after the services are performed and/or participant is discharged from the program. Revenue is recognized as performance obligations are satisfied. Program service fees include Drinking Under the Influence program on the statement of activities.

Contributions – The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. 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 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

The Organization is a nonprofit organization that is tax exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) 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 IRC.

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
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Principles

During the fiscal year ended June 30, 2020, the Organization early adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU provides a robust framework for addressing revenue recognition issues and almost all existing revenue recognition guidance, including industry-specific guidance in U.S. GAAP. The standard requires entities to apply a five step model to identify the performance obligations within the customer contract and to allocate the transaction price to those performance obligations using their standalone selling prices. The Organization has assessed the impact this standard had on their various revenue streams and the implementation did not significantly impact the Organization's financial statements. Therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

The Organization also implemented Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in: (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization has assessed the impact of this standard and determined that the implementation of this standard did not significantly impact the Organization's financial statements.

Risks and Uncertainties

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on the global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2020.

Line of Credit

On March 25, 2020, the Organization entered into an agreement with a financial institution for a line of credit for \$500,000 with a variable interest rate at a minimum of 4.5%. On December 23, 2020, the Organization withdrew \$320,000 from the line of credit. All outstanding principal and unpaid interest is due on April 1, 2021.

Subsequent Events

The Organization has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the statement of financial position date through REPORT DATE, which is the date the financial statements were available to be issued and the report date.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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	\$ 1,535,838
Accounts Receivable	1,903,973
PPP Loan	(849,897)
Net Assets with Restrictions	(75,516)
Total	<u>\$ 2,514,398</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.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable was as follows for the year ended June 30, 2020:

San Bernardino County	\$ 1,368,502
Riverside County	521,220
Other	14,251
Total	<u>\$ 1,903,973</u>

NOTE 4 FIXED ASSETS

Fixed assets was as follows for the year ended June 30, 2020:

Land	\$ 1,084,900
Buildings	1,325,000
Leasehold Improvements	855,599
Equipment and Fixtures	536,559
Vehicles	98,910
Apple Valley Residence	70,864
Total Property and Equipment	<u>3,971,832</u>
Less: Accumulated Depreciation	(1,789,475)
Construction in Progress	66,335
Total	<u>\$ 2,248,692</u>

Depreciation for the fiscal year ended June 30, 2020 was \$176,703.

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 ACCRUED EXPENSES

Accrued expenses was as follows for the year ended June 30, 2020:

Vacation	\$ 205,955
Payroll	25,090
Other	7,737
Total	\$ 238,782

NOTE 6 DEBT

Notes Payable

Notes payable are secured by the building and land located adjacent to the operating facility in Bloomington, California. 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, 2020 was \$153,153.

Paycheck Protection Program Loan

On May 13, 2020, the Organization received a loan through the Small Business Administration (SBA) Paycheck Protection Program (PPP) pf \$849,897. The loan accrues interest at 1% per annum with principal and interest payments due monthly beginning December 13, 2020 for a period of 2 years at which time the loan is due in full. There are provisions under the PPP loan program where all or a portion of the loan may be forgiven based on certain requirements being met. The Organization intends to submit an application for loan forgiveness for the entire balance. As of June 30, 2020, the loan had not been forgiven and is therefore recorded on the statement of financial position.

Future Maturity of Debt

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

<u>Year Ending June 30,</u>	<u>Note</u>	<u>PPP</u>	<u>Total</u>
2021	\$ 55,864	\$ 246,134	\$ 301,998
2022	57,563	603,763	661,326
2023	39,726	-	39,726
Total	\$ 153,153	\$ 849,897	\$ 1,003,050

SOCIAL SCIENCE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 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, 2020 was \$74,709.

Future minimum payments required under the leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 65,400
2022	48,000
Total	<u>\$ 113,400</u>

NOTE 8 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, 2020, the Organization had \$1,511,977 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, 2020, the contracts with the County of San Bernardino amounted to 68.48% of all revenue. If the county budget should change, loss of this revenue could severely impair the Organization's ability to sustain operations.

At June 30, 2020, the contracts with the County of Riverside amounted to 20.71% of all revenue. If the county budget should change, loss of this revenue could severely impair the Organization's ability to sustain operations.

NOTE 9 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, California

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2021.

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.

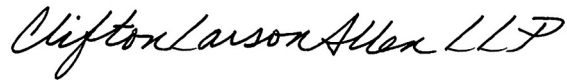
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 22, 2021

FINDINGS AND RESPONSES

**SOCIAL SCIENCE SERVICES, INC.
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2020**

There were no findings related to the basic financial statements for the year ended June 30, 2020.

**SOCIAL SCIENCE SERVICES, INC.
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2020**

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

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP



SOCIAL SCIENCE SERVICES, INC.

REPORT ON SINGLE AUDIT

June 30, 2020



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CONSULTING

SOCIAL SCIENCE SERVICES, INC.

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June 30, 2020

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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, 2020 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 22, 2021.

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.

Board of Directors
Social Science Services Inc.

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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 22, 2021



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 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, 2020. 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.

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, 2020.

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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency

The Organization's response to the internal control over compliance finding 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.

Board of Directors
Social Science Services Inc.

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, 2020, and have issued our report thereon dated February 22, 2021 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 23, 2021

SOCIAL SCIENCE SERVICES INC

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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 Prevention and Treatment of Substance Abuse			
Passed through County of San Bernardino:			
Substance Use Disorder Services & Intensive Outpatient Treatment	93.959	17-339	\$ 98,796
Substance Use Disorder Residential Recovery Treatment Program	93.959	15-425/2019-3	791,138
Passed through County of Riverside:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	<u>1,037,563</u>
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>1,927,497</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	45,282
Substance Use Disorder Residential Recovery Treatment Program	93.778	15-425/2019-3	<u>1,365,791</u>
Total Medical Assistance Program - Medicaid Cluster			<u>1,411,073</u>
Total Department of Health and Human Services Programs			<u>3,338,570</u>
 Total Expenditures of Federal Awards			 <u>\$ 3,338,570</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, 2020

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, 2020. 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, 2020

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 22, 2021:	<i>Unmodified</i>
Internal control over financial reporting:	
Material weaknesses identified?	<i>No</i>
Significant deficiencies identified?	<i>None reported</i>
Noncompliance material to financial statements noted?	<i>No</i>

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	<i>No</i>
Significant deficiencies identified?	<i>Yes</i>
Type of auditors' report issued on compliance for major federal programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<i>None reported</i>
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:	<i>\$750,000</i>
Auditee qualified as low-risk auditee?	<i>No</i>

SOCIAL SCIENCE SERVICES INC

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Section II: Financial Statement Findings

None

SOCIAL SCIENCE SERVICES INC

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Section III—Federal Award Findings and Questioned Costs

2020-001

Significant Deficiency in Internal Control over Compliance

Federal Agency	<u>Department of Health and Human Services</u> Block Grants for Prevention and Treatment
Federal Program Name	of Substance Abuse
CFDA No.	<u>93.959</u>
Pass-Through Agency	County of Riverside
Pass-Through Entity No.	Not Available
Federal Award Period	2020
Original Finding Number	Not Applicable
Compliance Requirement	H - Period of Performance
Questioned Costs	\$4,192

Criteria or specific requirement: 200.309 Period of performance. A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or passthrough entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity.

Condition: During our audit we noted the Organization did not have adequate internal control designed to ensure expenditures recorded to the grant did not exceed the period of performance.

Cause: The Organization was not diligent in review of cut-off requirements.

Context: During our testing we noted certain expenses recorded to the new grant period for services provided in the month prior to the grant period.

Effect: The expenses recorded to the grant were not material, however the lack of internal control over this compliance requirement provides an opportunity for material noncompliance.

Repeat Finding: No

Recommendation: We recommend the Organization design controls to ensure an adequate review process is in place during year-end close.

Views of responsible officials: There is no disagreement with the audit finding.

SOCIAL SCIENCE SERVICES INC

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2020

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, 2020

Audit Period: July 1, 2019 -June 30, 2020

The finding from the prior audit’s schedule of findings and questions costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

Section II: Financial Statement Audit Findings

There were no financial statement findings in the prior year.

Section III—Federal Award Programs Audit

2019 – 001

Type of Finding: Compliance

Federal Agency	Department of Health and Human Services		
		Block Grants for Community	
Federal Program Name	Block Grants for Prevention and Treatment of Substance Abuse	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

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: Corrective action was taken.

Oversight Agency for Audit

County of Riverside

Social Sciences, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2020

Audit Period: July 1, 2019-June 30, 2020

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

2020 – 001

Type of Finding: Significant Deficiency in Internal Control over Compliance

Federal Agency	<u>Department of Health and Human Services</u>
	Block Grants for Prevention and Treatment
Federal Program Name	of Substance Abuse
CFDA No.	<u>93.959</u>
Pass-Through Agency	County of Riverside
Pass-Through Entity No.	Not Available
Federal Award Period	2020
Original Finding Number	Not Applicable
Compliance Requirement	H - Period of Performance
Questioned Costs	\$4,192

Recommendation: We recommend the Organization design controls to ensure an adequate review process is in place during year-end close.

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

Planned corrective actions: The Finance Department has instituted a process to ensure that expenses incurred will be recognized within the correct fiscal year. Accrued expenses will be recorded by June 30th. The coverage period of invoices received after the end of the fiscal year will be thoroughly reviewed.

Names(s) of the contact person(s) responsible for the corrective action: Lowell Lagare, Senior Accountant

Planned completion date for the corrective action plan: June 30, 2021

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