

**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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## 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

<b>TOTAL ASSETS</b>	<b>\$ 5,671,418</b>
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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

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,671,418</b>
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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**

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

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
<b>Total expenses by function</b>	<b>3,112,985</b>	<b>616,768</b>	<b>23,157</b>	<b>306,626</b>	<b>529,987</b>	<b>180,598</b>	<b>275,016</b>	<b>5,045,137</b>	<b>903,190</b>	<b>22,388</b>	<b>5,970,715</b>
Interest	9,567	1,032	7,758	-	-	165	296	18,818	17,185	-	36,003
Depreciation	99,852	8,429	2,308	83	15,958	3,718	3,579	133,927	6,423	-	140,350
<b>Total expenses</b>	<b>\$ 3,222,404</b>	<b>\$ 626,229</b>	<b>\$ 33,223</b>	<b>\$ 306,709</b>	<b>\$ 545,945</b>	<b>\$ 184,481</b>	<b>\$ 278,891</b>	<b>\$ 5,197,882</b>	<b>\$ 926,798</b>	<b>\$ 22,388</b>	<b>\$ 6,147,068</b>

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	<u>(2,867,998)</u>
Net cash provided by operating activities	<u>694,346</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of capital assets	(174,034)
Bond reserve	<u>(10,738)</u>
Net cash used by investing activities	<u>(184,772)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal on long-term debt	<u>(187,071)</u>
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>

<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,512,605</u></u>
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**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	<u>80,666</u>
Total adjustments	<u>779,369</u>
Net cash provided by operating activities	<u><u>\$ 694,346</u></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*

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.

