

CHILD & FAMILY CENTER (A CALIFORNIA NONPROFIT CORPORATION)

FINANCIAL STATEMENTS

June 30, 2021
(with Comparative Totals for 2020)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Child & Family Center (A California Non-Profit Corporation)

Report on the Financial Statements

We have audited the accompanying financial statements of Child & Family Center (A California Nonprofit Corporation) (the Center), which comprise the statement of financial position as of June 30, 2021, 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 audit 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 auditors consider internal control relevant to the entity'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 entity'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 Child & Family Center as of June 30, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying schedule of expenditures of federal awards, as required by the Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 18, 2022, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Center's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Center's 2020 financial statements, and we expressed an unmodified audit opinion on those statements in our report dated January 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Long Beach, California
January 18, 2022

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

ASSETS

	June 30,	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,783,210	\$ 1,290,251
Beneficial interest in funds held by others	230,292	183,824
Contracts receivable, net of allowance	1,198,001	782,222
Prepaid expenses	101,899	85,648
Total current assets	3,313,402	2,341,945
NONCURRENT ASSETS		
Contract receivables, net of current portion	-	382,069
Property and equipment, net	4,055,972	4,340,473
Deposits and other assets	33,812	32,644
TOTAL ASSETS	\$ 7,403,186	\$ 7,097,131

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 125,964	\$ 180,631
Accrued payroll and related liabilities	1,165,686	1,098,911
Contract settlement payable, current portion	356,866	437,943
Capital leases payable, current portion	11,996	10,727
Deferred revenue	244,381	58,959
Note payable, current portion	-	7,186
Total current liabilities	1,904,893	1,794,357
NONCURRENT LIABILITIES		
Contract settlement payable, net of current portion	83,742	165,576
Capital leases payable, net of current portion	10,271	22,267
Long-term deferred payroll taxes	190,288	-
	2,189,194	1,982,200
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions:		
Board designated operating reserve	500,000	500,000
Undesignated	4,543,992	4,444,931
	5,043,992	4,944,931
With donor restrictions	170,000	170,000
Total net assets	5,213,992	5,114,931
TOTAL LIABILITIES AND NET ASSETS	\$ 7,403,186	\$ 7,097,131

The accompanying notes are an integral part of these financial statements.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
REVENUE AND SUPPORT				
Governmental contracts	\$ 12,486,956	\$ -	\$ 12,486,956	\$ 12,825,234
Contract settlements	(148,371)	-	(148,371)	(302,591)
Contributions and grants	116,461	153,313	269,774	343,160
Fees for services	19,821	-	19,821	22,113
Fundraising events revenue	119,523	-	119,523	87,750
In-kind contributions	219,358	-	219,358	136,132
Interest and dividend income	9,847	-	9,847	10,881
Other income	2,111	-	2,111	42,095
Rental income	140,775	-	140,775	136,675
Realized and unrealized gain (loss) on beneficial interest in funds held by others	45,047	-	45,047	(2,704)
Net assets released from restriction	153,313	(153,313)	-	-
Total revenue and support	<u>13,164,841</u>	<u>-</u>	<u>13,164,841</u>	<u>13,298,745</u>
EXPENSES				
Program services	11,254,644	-	11,254,644	11,534,060
Support services	1,628,103	-	1,628,103	1,546,107
Fundraising expenses	183,033	-	183,033	193,148
Total expenses	<u>13,065,780</u>	<u>-</u>	<u>13,065,780</u>	<u>13,273,315</u>
CHANGE IN NET ASSETS	99,061	-	99,061	25,430
NET ASSETS, BEGINNING OF YEAR	<u>4,944,931</u>	<u>170,000</u>	<u>5,114,931</u>	<u>5,089,501</u>
NET ASSETS, END OF YEAR	<u>\$ 5,043,992</u>	<u>\$ 170,000</u>	<u>\$ 5,213,992</u>	<u>\$ 5,114,931</u>

The accompanying notes are an integral part of these financial statements.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>Program Services</u>	<u>Support Services</u>	<u>Fundraising Expenses</u>	<u>Total</u>	
				<u>2021</u>	<u>2020</u>
SALARIES AND RELATED EXPENSES					
Salaries and wages	\$ 7,348,387	\$ 1,188,218	\$ 41,236	\$ 8,577,841	\$ 8,670,689
Payroll taxes	585,595	94,529	3,256	683,380	683,808
Employee benefits	1,025,178	145,940	4,334	1,175,452	1,111,953
	<u>8,959,160</u>	<u>1,428,687</u>	<u>48,826</u>	<u>10,436,673</u>	<u>10,466,450</u>
OTHER EXPENSES					
Administrative fees	33,711	6,202	145	40,058	51,561
Advertising	11,166	1,813	1,051	14,030	13,038
Auto expense	1,580	159	45	1,784	14,773
Bad debts	50,000	-	-	50,000	144,210
Computer expenses	74,460	7,686	266	82,412	103,581
Contracted services	595,069	12,977	44,422	652,468	703,391
Dues and subscriptions	152,608	11,892	7,088	171,588	147,604
Education and training	57,589	2,774	1,365	61,728	59,422
Equipment rental and maintenance	2,913	375	15	3,303	7,298
Facilities maintenance expense	59,016	1,259	16	60,291	112,186
Foster and client care	107,104	-	-	107,104	123,596
In-kind expenses, donated supplies	180,018	-	-	180,018	125,640
In-kind expenses, donations for events	-	-	39,340	39,340	10,492
Insurance	98,916	16,978	527	116,421	104,611
Interest expense	2,515	342	11	2,868	10,706
Legal and audit professional fees	34,431	11,489	181	46,101	46,450
Miscellaneous	3,291	2,505	3,230	9,026	9,667
Office expenses	28,684	2,138	3,490	34,312	67,724
Outside services	31,935	9,750	125	41,810	54,633
Repairs and maintenance	134,618	26,213	380	161,211	165,805
Supplies	39,733	-	30,032	69,765	34,550
Taxes and licenses	16,484	3,945	53	20,482	15,141
Telephone	89,304	5,012	1,073	95,389	79,880
Travel	129,786	32	69	129,887	186,866
Utilities	66,107	14,234	211	80,552	76,168
	<u>10,960,198</u>	<u>1,566,462</u>	<u>181,961</u>	<u>12,708,621</u>	<u>12,935,443</u>
Depreciation and amortization expense	294,446	61,641	1,072	357,159	337,872
TOTAL EXPENSES	<u>\$ 11,254,644</u>	<u>\$ 1,628,103</u>	<u>\$ 183,033</u>	<u>\$ 13,065,780</u>	<u>\$ 13,273,315</u>

The accompanying notes are an integral part of these financial statements.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 99,061	\$ 25,430
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	357,159	337,872
Provision for bad debt	50,000	144,210
Loss (gain) on beneficial interest held by others, net	(45,047)	2,704
Change in operating assets and liabilities:		
Contracts receivable, net of allowance	(83,710)	(399,247)
Prepaid expenses	(16,251)	(543)
Deposits and other assets	(1,168)	18,492
Accounts payable and accrued expenses	(54,667)	46,025
Accrued payroll and related liabilities	66,775	346,493
Contract settlement payable	(162,911)	319,690
Deferred revenue	185,422	54,036
Long-term deferred payroll taxes	190,288	-
Net Cash Provided By Operating Activities	584,951	895,162
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(72,658)	(58,719)
Reinvested funds on beneficial interest held by others	(1,421)	(4,190)
Net Cash Used In Investing Activities	(74,079)	(62,909)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments related to capital leases payable	(10,727)	(9,467)
Principal payments related to notes payable	(7,186)	(270,129)
Net Cash Used In Financing Activities	(17,913)	(279,596)
NET CHANGE IN CASH AND CASH EQUIVALENTS	492,959	552,657
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,290,251	737,594
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,783,210	\$ 1,290,251
SUPPLEMENTAL INFORMATION:		
Interest expense	\$ 2,868	\$ 10,706

The accompanying notes are an integral part of these financial statements.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 1 – General

Child & Family Center (the Center) is a nonprofit, nonsectarian, private educational and counseling center, which offers a combination of educational, behavioral, and psychotherapeutic services to children and their parents. The Center has expanded its services to include comprehensive and specialized services for domestic violence victims since January 1, 2018 after the merger with Domestic Violence Center of Santa Clarita Valley. The Center primarily operates within the Santa Clarita Valley and Antelope Valley, which is also where the majority of its clients reside.

Funding

The Center is funded primarily through various ongoing contracts with the State of California and the County of Los Angeles. Each of the Center’s primary programs (Mental Health, Substance Abuse, Family Support, Alcohol and Drugs, Family Preservation, Wraparound, Domestic Violence) is funded by a separate contract. These contracts are administered by various government agencies, including the Los Angeles County Department of Children and Family Services, the Los Angeles County Department of Mental Health, Substance Abuse Prevention and Control, the California Governor’s Office of Emergency Services, the Los Angeles County District Attorney Office, the Los Angeles County Department of Public Health, the Los Angeles County Office of Women’s Health, and the Los Angeles County Department of Public Social Services.

NOTE 2 – Summary of Significant Accounting Policies

The Center’s financial statements are in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by the Center are described below to enhance the usefulness and understandability of the financial statements.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The financial statements of the Center have been prepared under the accrual basis of accounting. The Center reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions.

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions, which include net assets designated by the Board of Directors. (See Note 15.)

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Center or the passage of time. As restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Other donor stipulations may be perpetual in nature, where the donor stipulates that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the corpus.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Center's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Center's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Comparative Totals

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center’s financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents are short-term, interest-bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. At year-end, and throughout the year, the Center’s cash balances, deposited in one bank, exceeded federally insured limits. Management believes the Center is not exposed to any significant credit risk on cash and cash equivalents.

Contracts Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. Receivables are primarily amounts due on cost reimbursement or performance contracts. Any amount that is denied for reimbursement is written-off when management receives notification from the grantor agency. Management provides for probable uncollectible amounts through a provision for an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Beneficial Interest in Funds Held by Others – California Community Foundation

The Center has the unconditional right to receive all of the cash flows from its beneficial interest from the California Community Foundation. The Center records its beneficial interest at the fair value using the present value of the estimated future cash. The balance at June 30, 2021 consists of mutual fund investments and money instruments stated at market value.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost. The minimum dollar amount for capitalizing and depreciating an asset is \$5,000. Depreciation and amortization have been provided for using accelerated and straight-line methods over the estimated useful lives of the assets as follows:

Automobiles	5 years
Building	30 years
Computer equipment	5 years
Furniture and equipment	5 years
Leasehold improvements	Lesser of the life of the asset or 5 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Deferred Payroll Taxes

As permitted by the CARES Act, the Center deferred payment of the employer portion of social security taxes. As of June 30, 2021, the aggregate deferred payroll taxes were approximately \$380,000, of which approximately \$190,000 is included as a current liability with accrued payroll and related liabilities and approximately \$190,000 is considered a long-term liability. These deferred payroll taxes require payments to the Internal Revenue Service of 50% on December 31, 2021 and 50% on December 31, 2022.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The majority of the Center's grants operate on its fiscal year and are renewed annually; therefore, at June 30, 2021, there are no significant conditional grants for which conditions have not yet been met.

A portion of the revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Government service contracts are recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit required by the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Center's management believes that costs ultimately disallowed would not materially affect the financial position of the Center.

Amounts received in excess of revenue earned are recognized as liabilities in deferred revenue or as contract settlement payables, depending on the nature of the liability. (See Note 4.)

In-kind Contributions

In-kind contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributed property and equipment are recorded at their estimated fair market value at the date of the gift. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

There are skilled individuals in clinical and legal fields who volunteer their time to provide counseling and other services in the Domestic Violence Center's Outreach office and shelter, which are used to meet the in-kind matching requirement for one of the government contracts (County Victim Services XC Program). Due to the pandemic, no such services were provided for the year ended June 30, 2021.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

In-kind Contributions (Continued)

Additionally, many individuals volunteer their time and performed a variety of tasks that assist the Center’s fundraising events, but these services do not meet the criteria for recognition as donated services and are not reflected in the financial statements.

Income Taxes

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and California income taxes under Section 23701(d) of the California Revenue and Taxation Code. The IRS classified the Center as one that is not a private foundation within the meaning of Section 509(a) of the Code because it is an organization described in Section(s) 509(a)(1) and 170(b)(1)(A)(vi).

The Center has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2021, the Center had no material unrecognized tax benefits, tax penalties, or interest.

The Center is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California is four years.

Functional Expense Allocation

The cost of providing the Center’s programs and other activities are summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on time and effort.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Center reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Center has access at the measurement date.

Level 2 - Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments be recorded. The ASU is effective for annual reporting periods beginning after December 15, 2021. The Center is currently evaluating the impact of the adoption of the new standard on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. Additionally, the standard requires a not-for-profit to disclose a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets and additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The ASU is effective for annual reporting periods beginning after June 15, 2021. The Center is currently evaluating the impact of the adoption of the new standard on the financial statements.

Subsequent Events

The Center has evaluated subsequent events from the statements of financial position date through January 18, 2022, the date the financial statements were available to be issued for the year ended June 30, 2021, and determined there were no other items to disclose.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 3 – Liquidity and Availability of Resources

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:

Financial assets at June 30, 2021:	
Cash and cash equivalents	\$ 1,283,210
Cash held as reserve	<u>500,000</u>
	1,783,210
Beneficial interest in funds held by others	230,292
Contracts receivable, net	<u>1,198,001</u>
	3,211,503
Less amounts not available to be used within one year due to:	
Board-imposed restrictions	(500,000)
Donor-imposed purpose or time restrictions	<u>(170,000)</u>
Financial assets available to meet general expenditures within one year:	<u>\$ 2,541,503</u>

The Center maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Center's governing board has designated \$500,000 of its resources without donor restrictions for specific purposes, which are identified as board-imposed restrictions. These funds are invested for long-term purposes but remain available and may be spent at the discretion of the governing board and could be appropriated if needed. At June 30, 2021, the Center had an additional liquidity resource of \$1,200,000 through the available borrowing capacity on its bank line of credit.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 4 – Contracts Receivable and Contract Settlement Payable

Contracts receivable consists of the following:

	June 30,	
	2021	2020
Receivables due from DMH	\$ 228,832	\$ 706,772
Other contracts receivable	1,137,496	588,734
Less allowance for contracts receivable	(168,327)	(131,215)
Total	\$ 1,198,001	\$ 1,164,291

The receivables due from the Los Angeles County Department of Mental Health (DMH) relate to open contract years 2017 – 2021, and were received in November 2021. Other contracts receivable are all due within one year. These receivables are estimated based on significant judgments by management. Management has used historical data to estimate future collections on open contract years. Actual results may vary significantly from these estimates.

During the year ended June 30, 2021, the Center recognized contract settlements of approximately \$126,000, \$72,000, and \$18,000 for contract years 2016-2018 based on final and interim settlements with DMH. Additionally, the Center recognized contract settlement expense of approximately \$148,000 for contracts with DMH and other granting agencies for amounts invoiced that were in excess of allowable costs.

At June 30, 2021, the contract settlement payable of \$440,608 consisted of balances due to DMH of \$324,197 and due to other granting agencies of \$116,411. The settlement due to DMH by the Center can be repaid in cash and/or in-kind services. The time allowed for repayment of less than \$1 million is not to exceed three consecutive years.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 5 – Beneficial Interest in Funds Held by Others

The Center entered into an agreement with California Community Foundation (the Foundation), whereby the Foundation held a board-designated endowment fund (the Fund) for the Center to be used for various purposes. The Center is named as the beneficiary of the Fund and receives income earned on the Fund. The Foundation has the discretion to distribute the Fund and any future earnings for broad charitable uses and purposes of the Center. At June 30, 2021, the Center’s beneficial interest in the Fund is measured at fair value and classified as a level 2 financial asset. The Fund’s fair market value at June 30, 2021 and 2020 was \$230,292 and \$183,824, respectively. The activity of the Fund is as follows:

	June 30,	
	2021	2020
Beginning balance	\$ 183,824	\$ 184,088
Dividends and interest reinvested	2,763	3,607
Realized gain	18,050	5,302
Unrealized gain (loss)	26,997	(8,006)
Less investment fees	(1,343)	(1,167)
Total	\$ 230,292	\$ 183,824

NOTE 6 – Property and Equipment, net

Property and equipment consisted of the following:

	June 30,	
	2021	2020
Automobile	\$ 76,266	\$ 76,266
Building	6,934,002	6,934,002
Computers and equipment	1,520,309	1,447,652
Furniture and fixtures	442,753	442,753
Land	797,347	797,347
	9,770,677	9,698,020
Less accumulated depreciation and amortization	(5,714,705)	(5,357,547)
Net, property and equipment	\$ 4,055,972	\$ 4,340,473

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 6 – Property and Equipment, net (Continued)

Depreciation expense for the years ended June 30, 2021 and 2020 was \$357,159 and \$337,872, respectively, which is included as part of depreciation and amortization expense.

NOTE 7 – Line of Credit Payable

The Center has a \$1,200,000 line of credit agreement expiring February 2022 bearing a variable rate above the bank’s Reference Rate (4% at June 30, 2021). The line of credit is collateralized by accounts receivable of the Center and other property as defined. As of June 30, 2021 and 2020, there was no outstanding balance owed on the credit line. As of June 30, 2021 and 2020, the Center was in compliance with its line of credit debt covenants.

NOTE 8 – Capital Lease Payable

The Center leases certain equipment under capital lease agreements through September 2025. One agreement includes monthly maintenance fees of \$210. The balance owed at June 30, 2021 and 2020 was \$22,267 and \$32,994, respectively.

Future minimum payments on the capital leases payable are as follows:

Year Ending June 30,	
2022	\$ 17,918
2023	7,028
2024	3,398
2025	2,558
2026	<u>489</u>
	31,391
Less:	
Amount representing interest	(1,989)
End of lease purchase price	(3,985)
Maintenance payments	<u>(3,150)</u>
Present value of capital lease payments	\$ <u>22,267</u>

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 9 – Note Payable

The Center entered into a zero-interest note dated November 2017 with Southern California Edison for LED Light equipment, with monthly payments of \$1,831. The loan was paid down in October 2020, at its maturity.

NOTE 10 – Commitments and Contingencies

In the ordinary course of business, the Center may be subject to certain lawsuits and other potential legal actions. The Center’s management represents that as of June 30, 2021, the Center is not involved in any legal action or litigation.

Lease Commitments

The Center entered a lease for an office in Palmdale for its Family Preservation Program in the Antelope Valley area. In October 2020, the Center executed the option to extend the lease through September 2022.

The Center also has a 60-month equipment operating lease for a postage machine at the Centre Point Parkway location through October 2025.

For the years ended June 30, 2021 and 2020, rental expense for these operating leases was approximately \$55,000 and \$39,000, respectively.

Future minimum commitments on operating leases are as follows:

Year Ending <u>June 30,</u>	
2022	\$ 57,078
2023	15,839
2024	1,958
2025	1,958
2026	<u>489</u>
	<u>\$ 77,322</u>

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 10 – Commitments and Contingencies (Continued)

Lease Income

The Center entered into a lease agreement for part of its facility with another nonprofit organization through June 2026, which includes monthly lease payments to the Center of approximately \$12,000 that increase annually by 1.5%.

Future minimum rental income from the operating lease is as follows:

Year Ending June 30,	
2022	\$ 144,999
2023	147,174
2024	149,381
2025	151,622
2026	<u>153,896</u>
	<u>\$ 747,072</u>

Risks Associated with the Impact of COVID-19

Because of the severity and global nature of the COVID-19 pandemic, the impact on the Center’s business could be significant and have a material impact on its financial position and operating results. There continues to be significant uncertainty and management continues to evaluate potential future impacts on its business and financial statements.

NOTE 11 – Employee 401(k) Retirement Plan

The Center has adopted a 401(k) plan for all employees meeting the minimum requirements of 21 years of age. Participants may elect to defer up to the maximum amount allowed under law of their compensation per pay period. The Center matches 50% of the employee contributions, not to exceed 6% of the employees’ compensation. For the years ended June 30, 2021 and 2020, pension expense was \$140,058 and \$135,070, respectively.

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 12 – Post-Retirement Benefit

During the year ending June 30, 2006, the Board of Directors approved and the Center purchased two annuities for two of their key employees at \$225,000 each. The Center is the owner of the policy which provides annuity payments post retirement for the lifetime of the retiree. It is the intention of the past and present Board of Directors to continue the allocations of the retirement plans to the two key employees until death. The annuity is deemed to be an insurance contract that transfers 100% of the risk to the insurance company. As such, the total annuity payment of \$450,000 was expensed during the 2005-2006 fiscal year. The original investments may decrease over the lifetime of the annuity when payments exceed the lifetime income amount.

NOTE 13 – Fundraising Events

The Center conducts various special events and fundraising activities during the year. The revenue and expenses from fund development activities, excluding in-kind donations, for the years ended June 30, 2021 and 2020 were as follows:

	For the Year Ended June 30, 2021		
	Revenue	Expenses	Net Revenue
Other Events	\$ 36,573	\$ (19,350)	\$ 17,223
Taste of the Town	82,950	(13,379)	69,571
Total	<u>\$ 119,523</u>	<u>\$ (32,729)</u>	<u>\$ 86,794</u>

	For the Year Ended June 30, 2020		
	Revenue	Expenses	Net Revenue
Kid Expo	\$ 17,068	\$ (5,938)	\$ 11,130
Other Events	24,182	(9,356)	14,826
Taste of the Town	46,500	(1,501)	44,999
Total	<u>\$ 87,750</u>	<u>\$ (16,795)</u>	<u>\$ 70,955</u>

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 14 – Related Parties

During the year ending June 30, 2021, the Center paid approximately \$69,000 for janitorial services to a company who is related to an employee of the Center.

NOTE 15 – Net Assets

Net Assets without Donor Restrictions

The Board of Directors of the Center has established an operating reserve fund to provide for future financial needs and special projects of the Center. Such funds, including all allocable income, are reflected as board-designated net assets without donor restrictions in the accompanying financial statements. At June 30, 2021, the board-designated net assets totaled \$500,000.

Net Assets with Donor Restrictions

The activity of net assets with donor restrictions for the year ended June 30, 2021 is as follows:

	<u>Balance at</u> <u>6/30/20</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance at</u> <u>6/30/21</u>
Net assets restricted for time or purpose:				
Sierra Health Foundation – MAT (Telehealth) project	\$ -	\$ 93,813	\$ (93,813)	\$ -
The Henry Mayo Newhall Foundation – fire safety and computer server	-	25,000	(25,000)	-
Knistrom Foundation – fire safety and computer server	-	15,000	(15,000)	-
Foster Foundation Grant – time restriction	150,000	-	-	150,000
Kaiser – AV Expansion	-	15,000	(15,000)	-
Other	-	4,500	(4,500)	-
	<u>150,000</u>	<u>153,313</u>	<u>(153,313)</u>	<u>150,000</u>
Endowment funds, restricted in perpetuity	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
	<u>\$ 170,000</u>	<u>\$ 153,313</u>	<u>\$ (153,313)</u>	<u>\$ 170,000</u>

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

NOTE 15 – Net Assets (Continued)

Endowment Funds

Net assets restricted in perpetuity consist of endowment funds established to ensure long-term funding of child abuse treatment services. The principal of the endowment is to remain restricted in perpetuity, and earnings are available to be used for treatment services. The board of directors monitors the endowment's investment, and attempts to maintain the purchasing power of the endowment assets.

The Center follows the provisions of ASC 958, Reporting Endowment Funds. These provisions provide guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and also required disclosures about endowment funds.

Interpretation of Relevant Law

The Board of Directors of the Center has interpreted State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted permanent endowment funds unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with donor restrictions (a) the original value of gifts donated to all donor-restricted permanent endowments, (b) the original value of any subsequent gifts to donor-restricted permanent endowments, and (c) the original value of accumulations to donor-restricted permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund
- The purposes of the Center and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Center
- The investment policy of the Center

**CHILD & FAMILY CENTER
(A California Nonprofit Corporation)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

NOTE 15 – Net Assets (Continued)

Interpretation of Relevant Law (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Center to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets without donor restrictions, when applicable. There were no such deficiencies as of June 30, 2021.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Child & Family Center
(A California Non-Profit Corporation)
Santa Clarita, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Child & Family Center (A California Nonprofit Corporation), which comprise the statement of financial position as of June 30, 2021, 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 January 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Child & Family Center's internal control over financial reporting (internal control) as a basis for designing 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 Child & Family Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Child & Family Center'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Child & Family Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 organization'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 Child & Family Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Long Beach, California
January 18, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Child & Family Center
(A California Non-Profit Corporation)
Santa Clarita, California

Report on Compliance for Each Major Federal Program

We have audited Child & Family Center's (A California Nonprofit Corporation) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Child & Family Center's major federal programs for the year ended June 30, 2021. Child & Family Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Child & Family Center'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 Child & Family Center'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 Child & Family Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Child & Family Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Child & Family Center 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 Child & Family Center'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 Child & Family Center'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 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 in internal control over compliance, 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. 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.

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.



Long Beach, California
January 18, 2022

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing	Pass-Through Grantors Number	Award Amount	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through the L.A. County Department of Children and Family Services</i>				
Family Preservation Program	93.556	17-9-32	\$ 599,443	\$ 438,730
Family Preservation Program	93.556	17-9-20	494,128	406,692
Family Preservation Program	93.556	17-9-14	494,128	332,380
Subtotal #93.556			<u>1,587,699</u>	<u>1,177,802</u>
<i>Passed Through the County of Los Angeles Department of Health</i>				
Domestic Violence Assistance Program	93.558	PH-004234	115,124	42,551
Subtotal #93.558			<u>115,124</u>	<u>42,551</u>
<i>Passed Through the County of Los Angeles Department of Health</i>				
Alcohol, and Drug Program	93.569	PH-03825	495,000	417,645
Subtotal #93.569			<u>495,000</u>	<u>417,645</u>
<i>Passed Through the County of Los Angeles Department of Health</i>				
Alcohol, and Drug Program	93.959	PH-03946	65,453	35,934
Subtotal #93.959			<u>65,453</u>	<u>35,934</u>
<i>Passed Through the California Emergency Management Agency</i>				
Domestic Violence Assistance Program	93.671	DV 19 11 8630	311,227	56,841
Subtotal #93.671			<u>311,227</u>	<u>56,841</u>
<i>Passed Through Sierra Health Foundation</i>				
Community Mental Health Services Block Grant	93.958	CA20MAT180	93,813	93,813
Subtotal #93.958			<u>93,813</u>	<u>93,813</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>2,668,316</u>	<u>1,824,586</u>
U.S. DEPARTMENT OF JUSTICE				
<i>Passed Through the California Emergency Management Agency</i>				
Child Abuse Treatment Program	16.575	AT 20 01 8630	257,500	60,915
<i>Passed Through the County of Los Angeles District Attorney</i>				
Victim Assistance Formula Grant Program	16.575	DV-4-2021	82,000	77,359
<i>Passed Through the California Emergency Management Agency</i>				
Comprehensive Shelter-Based Domestic Violence Services	16.575	DV 20 12 8630	335,607	302,132
Subtotal #16.575			<u>675,107</u>	<u>440,406</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>675,107</u>	<u>440,406</u>
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through the County of Los Angeles Department of Health</i>				
Domestic Violence Services for Families Directly Impacted by COVI	21.019	PH-004317	62,642	24,975
TOTAL U.S. DEPARTMENT OF TREASURY			<u>62,642</u>	<u>24,975</u>
			<u>\$ 3,406,065</u>	<u>\$ 2,289,967</u>

CHILD & FAMILY CENTER
(A California Nonprofit Corporation)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Child & Family Center, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting, which is described in the notes to the financial statements of Child & Family Center as of and for the year ended June 30, 2021. Negative amounts shown on the Schedule of Expenditures of Federal Awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. In the Schedule of Expenditures of Federal Awards, where expenditures exceed the federal award amount, the difference is funded with state, local or other non-federal funds. Pass-through entity identifying numbers are presented where available.

Child & Family Center did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2021.

There were no awards passed through to subrecipients.

**CHILD & FAMILY CENTER
(A California Nonprofit Corporation)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

The auditors’ report expresses an unmodified opinion on whether the financial statements of Child & Family Center were prepared in accordance with general accepted accounting principles.

Internal control over financial reporting

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – None reported
3. Noncompliance material to financial statements noted? – No

Federal Awards

Internal control over major programs

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – None reported
3. Type of auditors’ report issued on compliance for major programs – Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? – No
5. Identification of major programs:
Family Preservation Program, CFDA #93.556
6. Dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
7. Auditee qualified as low-risk auditee? – Yes

SECTION II – FINDINGS FINANCIAL STATEMENTS AUDIT

None noted.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None noted.