

Family Caregiver Alliance

Financial Statements

and

Reports Required Under OMB Circular A-133

Year ended June 30, 2013

with

Report of Independent Auditors

Family Caregiver Alliance

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CERTIFIED PUBLIC
ACCOUNTANTS

DONALD WILSON
ALAN MARKLE
CHARLES STUCKEY
DAVID HARDESTY
DAVID BOTT
DAVID BAILEY
MICHAEL SMITH

Report of Independent Auditors

Board of Directors
Family Caregiver Alliance

Report on the Financial Statements

We have audited the accompanying statement of financial position of Family Caregiver Alliance as of June 30, 2013, and the related statements of activities and changes in net assets, statement of 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 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 Family Caregiver Alliance as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Family Caregiver Alliance's June 30, 2012 financial statements, and our report dated October 4, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 our report dated March 28, 2014 on our consideration of Family Caregiver Alliance'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 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 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 Family Caregiver Alliance's internal control over financial reporting and compliance.



Wilson Markle Stuckey Hardesty and Bott, LLP
Larkspur, CA
March 28, 2014

Family Caregiver Alliance
Statements of Financial Position
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 139,985	\$ 131,796
Investments	468,132	541,012
Accounts receivable		
State of California, Department of Mental Health	91,045	98,249
Other governmental contracts	443,665	679,217
Foundation grants	86,550	195,574
Other	133,957	44,445
Prepaid expenses	<u>40,679</u>	<u>32,372</u>
Total current assets	1,404,013	1,722,665
Property and equipment, at cost		
Office equipment	102,337	102,337
Furniture and fixtures	46,637	46,637
Leasehold improvements	<u>16,256</u>	<u>16,256</u>
	165,230	165,230
Accumulated depreciation and amortization	<u>(149,110)</u>	<u>(138,439)</u>
Net property and equipment	16,120	26,791
Deposits	<u>36,375</u>	<u>30,736</u>
Total assets	<u>\$ 1,456,508</u>	<u>\$ 1,780,192</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 191,703	\$ 217,896
Deferred revenue	<u>36,818</u>	<u>55,591</u>
Total current liabilities	228,521	273,487
Deferred rent	14,695	21,805
Net assets		
Unrestricted	773,102	836,422
Temporarily restricted	<u>440,190</u>	<u>648,478</u>
Total net assets	<u>1,213,292</u>	<u>1,484,900</u>
Total liabilities and net assets	<u>\$ 1,456,508</u>	<u>\$ 1,780,192</u>

See accompanying notes.

Family Caregiver Alliance
Statements of Activities and Changes in Net Assets
Years ended June 30, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Support and revenue						
Government contracts	\$ 1,417,031	\$ -	\$ 1,417,031	\$ 1,756,280	\$ -	\$ 1,756,280
Contributions	57,414	11,368	68,782	80,078	-	80,078
Foundation and corporate grants	14,668	187,058	201,726	26,757	619,134	645,891
Client fees	400	-	400	3,752	-	3,752
Interest and dividend income	11,856	-	11,856	7,841	-	7,841
Gain on investments	29,332	-	29,332	468	-	468
Other revenue	23,185	-	23,185	71,510	-	71,510
Net assets released from restrictions	406,714	(406,714)	-	197,328	(197,328)	-
Total support and revenue	1,960,600	(208,288)	1,752,312	2,144,014	421,806	2,565,820
Expenses						
Program services	1,662,390	-	1,662,390	1,844,648	-	1,844,648
Management and general	325,555	-	325,555	329,403	-	329,403
Fundraising and development	35,975	-	35,975	28,327	-	28,327
Total expenses	2,023,920	-	2,023,920	2,202,378	-	2,202,378
Change in net assets	(63,320)	(208,288)	(271,608)	(58,364)	421,806	363,442
Net assets, beginning of year	836,422	648,478	1,484,900	894,786	226,672	1,121,458
Net assets, end of year	\$ 773,102	\$ 440,190	\$ 1,213,292	\$ 836,422	\$ 648,478	\$ 1,484,900

See accompanying notes.

Family Caregiver Alliance
Statements of Functional Expenses
Years ended June 30, 2013 and 2012

	2013			2013 Total	2012			2012 Total
	Program services	Management and general	Fundraising and development		Program services	Management and general	Fundraising and development	
Salaries	\$ 681,105	\$ 215,448	\$ 19,236	\$ 915,789	\$ 715,179	\$ 213,104	\$ 18,756	\$ 947,039
Payroll taxes	71,467	22,606	2,018	96,091	60,100	17,909	1,576	79,585
Employee benefits	129,512	40,693	3,633	173,838	103,367	30,799	2,711	136,877
Retirement plan	10,398	3,289	294	13,981	4,893	1,458	128	6,479
Family support services	115,440	-	-	115,440	141,574	-	-	141,574
Program fees and consultants	46,045	-	-	46,045	63,228	1,804	188	65,220
Occupancy	89,676	31,925	2,850	124,451	82,738	35,906	2,170	120,814
Office expenses	39,423	6,296	276	45,995	40,866	106	288	41,260
Equipment leases	16,849	437	3,176	20,462	13,181	10	37	13,228
Telephone	40,476	-	486	40,962	36,028	590	574	37,192
Printing and reproduction	10,816	517	-	11,333	764	3	10	777
Postage and delivery	5,702	250	1,954	7,906	10,233	464	1,667	12,364
Travel and conferences	67,694	674	23	68,391	73,182	790	-	73,972
Insurance	8,826	-	-	8,826	5,191	-	-	5,191
Subcontractor services	246,088	-	-	246,088	393,674	-	-	393,674
Depreciation	7,937	2,511	224	10,672	-	25,990	-	25,990
Alzheimer's Disease Caregiving Legacy Award	60,000	-	-	60,000	80,000	-	-	80,000
Other	14,936	909	1,805	17,650	20,450	470	222	21,142
	<u>\$ 1,662,390</u>	<u>\$ 325,555</u>	<u>\$ 35,975</u>	<u>\$ 2,023,920</u>	<u>\$ 1,844,648</u>	<u>\$ 329,403</u>	<u>\$ 28,327</u>	<u>\$ 2,202,378</u>

See accompanying notes.

Family Caregiver Alliance
Statements of Cash Flows
Years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ (271,608)	\$ 363,442
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	10,672	25,990
Loss on investments, net	(29,332)	(468)
Changes in operating assets and liabilities:		
Accounts receivable		
State of California, Department of Mental Health	7,204	151,853
Other governmental contracts	235,550	(291,682)
Foundation grants	109,024	(85,574)
Other	(89,512)	10,256
Prepaid expenses	(8,307)	(17,225)
Deposits	(5,639)	(19,409)
Accounts payable and accrued expenses	(26,193)	(433)
Deferred revenue	(18,773)	(38,193)
Deferred rent	(7,109)	21,805
	(94,023)	120,362
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	-	(22,423)
Increase (decrease) in investments	102,212	(357,158)
	102,212	(379,581)
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	8,189	(259,219)
Cash and cash equivalents, beginning of year	131,796	391,015
Cash and cash equivalents, end of year	\$ 139,985	\$131,796

See accompanying notes.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of significant accounting policies

Organization

Family Caregiver Alliance (FCA) is a non-profit California corporation formed in 1977 to address the needs of families and friends providing long-term care at home. FCA offers programs at national, state and local levels to support and sustain caregivers.

Basis of presentation

FCA receives funds from governmental agencies, private foundations and the general public. Major funding and ongoing programs are as follows:

Bay Area Caregiver Resource Center (CRC) is funded by the State of California, Department of Mental Health. For residents of six San Francisco Bay Area counties, FCA serves as the point of entry to specialized caregiver services including information, emotional support, consultation on care planning, links to community programs, legal/financial consultation, respite services, counseling, publications and educational programs. All services are provided free or at low cost.

Caregiver services are funded by contracts with five San Francisco Bay Area counties to provide various support services for those county residents. The funding for these contracts is provided by the US Government, Department of Health and Human Services pursuant to the Older Americans Act, Title III-E.

The National Center on Caregiving (NCC) tracks policy development on the local state and national levels; follows innovative programs and tools for caregivers; offers technical assistance to legislators, long-term care providers, and health and social services providers; and offers information and referrals to caregivers nationally. NCC programs are funded by grants and contracts from a number of national foundations and public policy institutes.

The US Government Department of Health and Human Services Administration on Aging funds special programs called Aging Title IV Discretionary Projects that promote a national resource center on family caregiving.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting. FCA records revenues when earned and expenses when incurring the related obligation. FCA recognizes revenues from reimbursable cost contracts when incurring the related expenses.

Certain support for the programs of FCA may be directed by the donors to specific periods or programs. FCA classifies such amounts as temporarily restricted revenues and net assets in the accompanying financial statements. When donor restrictions expire or are otherwise met, FCA reclassifies temporarily restricted net assets as unrestricted net assets under the heading "net assets released from restrictions" in the statement of activities and changes in net assets.

Allocation of certain costs between program services, management and general, and fundraising and development is determined annually based on estimated amounts.

Fair value

FCA uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs consist of unobservable inputs that reflect internal judgments and have the lowest priority. FCA uses appropriate valuation techniques based on the available inputs to measure the fair value of its contributions. When available, FCA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. FCA only uses Level 3 inputs when Level 1 or Level 2 inputs are not available.

Management estimates that the aggregate net fair value of financial instruments (including receivables, payables and accrued expenses) approximates their carrying value, as such financial instruments are short-term in nature, bear interest at current market rates or are stated at their fair value.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of significant accounting policies (continued)

Cash and cash equivalents

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

Investments

Investments in mutual funds and equity securities are stated at fair value. Realized and unrealized gains and losses on investments are reported in the statement of activities and changes in net assets.

Allowance for uncollectible accounts receivable

FCA uses the allowance method to account for uncollectible accounts receivable. Under this method, FCA reviews all receivables for any problems with collectability. If FCA feels that there may be a problem with collections, an allowance is provided for the receivable. When attempts to collect a specific receivable are unsuccessful, the account is considered uncollectible and is written off against the allowance. At June 30, 2013 and 2012, FCA concluded that an allowance for doubtful accounts was not necessary.

Property and Equipment

Property and equipment with an initial cost of \$2,500 or more acquired by purchase are stated at cost. Property and equipment acquired by donation are stated at estimated value. Property and equipment additions of less than \$2,500 are expensed. FCA calculates depreciation using the straight-line method over the estimated useful lives of the property and equipment that range from five to seven years. Leasehold improvements are amortized over the term of the lease.

Deferred revenue

Deferred revenue consists of amounts advanced or drawn down under fee-for-service contracts that exceed revenue earned.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of significant accounting policies (continued)

In-kind contributions

The contribution of services are recognized in the financial statements if the services received create or enhance assets or require specialized skills that are provided by persons possessing such skills and would typically need to be purchased if not provided by donation. For the years ended June 30, 2013 and 2012, FCA did not receive services that meet the criteria for recognition in the financial statements. FCA did receive notable volunteer time in its caregiver camps and in its fundraising efforts.

Income taxes

FCA has been advised by governmental authorities that it is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California. FCA has been classified as other than a private foundation under Internal Revenue Codes Section 509(a)(1). Accordingly, donors are entitled to the maximum charitable contribution allowed by law. The management of FCA believes that no activities of FCA jeopardized its exemption from income taxes or its classification as a "public charity." Consequently, FCA provided no income tax provision herein.

The financial statement presentation follows accounting principles generally accepted in the United States for accounting for uncertainty in income taxes. FCA is required to report information regarding its exposure to various tax positions taken by the organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that the organization has adequately addressed all tax positions and that there are no unrecorded tax liabilities. Tax years 2011 to 2013 are open for examination by the Internal Revenue Service and years 2010 to 2013 by the California Franchise Tax Board.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Reclassifications

Certain June 30, 2012 amounts in the accompanying financial statements have been reclassified from those previously reported in order to be consistent with the current year's presentation.

Subsequent events

FCA evaluated subsequent events for recognition and disclosure through March 28, 2014, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2013 that required recognition or disclosure herein.

Note 2 - Investments

Investments are valued using the Level 1 hierarchy and consist of the following at June 30,

	<u>2013</u>	<u>2012</u>
Mutual funds	\$405,971	\$533,851
Money market funds	<u>62,161</u>	<u>7,161</u>
Total	<u>\$468,132</u>	<u>\$541,012</u>

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2013

Note 3 - Bank line of credit

FCA has available a revolving line of credit in the amount of \$150,000 from a commercial bank. Of the amount available, none was borrowed at June 30, 2013 or 2012. The line of credit is secured principally by accounts receivable. Interest on amounts borrowed is due monthly at the bank's index rate plus 1.75 percent (3.25 percent index rate at June 30, 2013). The credit line is subject to annual renewal by the bank.

Note 4 - Lease commitment

In October 2011, FCA signed a lease for office space at 785 Market Street to commence in January 2012. The lease will continue through November 2016 and require future minimum rent payments as follows for the year ending June 30: 2014 - \$127,131, 2015 - \$131,003, 2016 - \$134,875 and 2017 - \$57,273.

Deferred rent in the accompanying statement of financial position results from the excess of rental expense determined on a straight-line basis during the lease term over the monthly cash rental payments.

Note 5 - Employee benefit plan

FCA offers a retirement plan for the benefit of its employees as provided by section 403(b) of the Internal Revenue Code. The plan allows for employee elective contributions and for employer matching contributions. Matching contributions are determined annually at the discretion of FCA. Employee contributions are 100 percent vested. Employer contributions vest annually depending on years of service, and are fully vested after five years. FCA provided a 25% matching contribution for the years ended June 30, 2013 and 2012. FCA-incurred employer contribution expenses during the year ended June 30, 2013 totaled \$13,981 (2012 - \$6,479).

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2013

Note 6 - Risks, uncertainties and concentrations

FCA is primarily supported by government grants and contracts, which in the year ended June 30, 2013 were approximately 80% of total revenue (2012 - 68%). The contracts are subject to annual renewal. A significant reduction in the level of contract support, if this were to occur without replacement from other revenue and support, could adversely affect the extent of FCA's programs and activities.

At various times during the years ended June 30, 2013 and 2012, FCA had deposits with a commercial bank in excess of FDIC insured limits. Investment balances are not federally insured.

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

Note 7 - Temporarily restricted net assets

Temporarily restricted net assets consist of amounts due to or received by FCA for which donor-imposed use or time restrictions have not yet been met. Temporarily restricted net assets and net assets released from restrictions during the year ended June 30, 2013 consist of the following:

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2013

Note 7 - Temporarily restricted net assets (continued)

Grantor/Donor Name	June 30, 2012	Additions	Releases	June 30, 2013
Program Restrictions				
Rosalinde & Arthur Gilbert Foundation	\$ 137,590	\$ 118,858	\$ 142,436	\$ 114,012
AARP - PPI	-	32,000	25,000	7,000
SF Foundation - East Bay	14,349	-	-	14,349
Palo Alto Medical Foundation	-	-	-	-
The Retirement Research Foundation	5,907	-	-	5,907
Zion Health Fund	1,524	7,200	3,999	4,725
The Bristol-Meyers Squibb Foundation	-	-	-	-
Mills-Peninsula Health Services	-	-	-	-
Margaret A. Cargill Foundation	191,806	-	105,220	86,586
Genentech	7,636	25,000	17,952	14,684
Pacific Gas and Electric	2,017	4,000	4,469	1,548
The Health Trust	19,871	-	13,325	6,546
Middle Tennessee Foundation	24,511	-	24,511	-
Stavros Niarchos Foundation	187,889	-	37,832	150,057
Silicon Valley Community Foundation	5,000	-	5,000	-
Richard Essey	-	11,368	11,368	-
Various	34,776	-	-	34,776
Total program restricted net assets	632,876	198,426	391,112	440,190
Time Restrictions				
The Margaret A. Cargill Foundation	15,602	-	15,602	-
Total time restricted net assets	15,602	-	15,602	-
Total temporarily restricted net assets	\$ 648,478	\$ 198,426	\$ 406,714	\$ 440,190

Family Caregiver Alliance
Schedule of Expenditures of Federal Awards
Year ended June 30, 2013

Agency, title and number	CFDA	Award	Expenditures	
			2013	Cumulative
Department of Health and Human Services				
Special Programs for the Aging Title IV and Title II Discretionary Projects				
Award # 90PG0004/03	93.048	\$ 1,908,110	\$ 141,188	\$ 1,049,309
Award # 90MA0048/01	93.048	500,000	62,604	500,000
		2,408,110	203,792	1,549,309
National Family Caregiver Support, Title III, Part E				
1. Master Contract #900175	93.052	115,099	110,621	225,718
2. Master Contract # 40-158	93.052	138,625	138,625	265,305
3. Master Contract # 40-342	93.052	17,089	17,089	17,089
4. Contract # DPAG12000048	93.052	1,156,218	416,432	1,203,443
5. Contract #72191	93.052	98,202	100,278	195,914
6. MOU-MCDA	93.052	12,850	10,400	22,975
		1,538,083	793,445	1,930,444
Total		\$ 3,946,193	\$ 997,237	\$ 3,479,753

- 1 - Subgrantor is County of Alameda, California
- 2 - Subgrantor is County of Contra Costa, California
- 3 - Subgrantor is County of Contra Costa, California
- 4 - Subgrantor is City and County of San Francisco, California
- 5 - Subgrantor is County of San Mateo, California
- 6 - Subgrantor is County of Marin, California

Note A - Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Family Caregiver Alliance under programs of the federal government for the year ending June 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Because the Schedule presents only a selected portion of the operations of Family Caregiver Alliance, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Family Caregiver Alliance.

Note B - Summary of significant accounting principles

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, "Cost Principles for Non-profit Organizations" wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) Regarding the award passed through from the County of Marin, Family Caregiver Alliance is sub-contracted through the Alzheimer's Association of Northern California.

Independent Auditor's 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
Family Caregiver Alliance

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 Family Caregiver Alliance, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Caregiver Alliance'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 Family Caregiver Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of Family Caregiver Alliance'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 Family Caregiver Alliance'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Wilson Markle Stuckey Hardesty & Bott

Wilson Markle Stuckey Hardesty & Bott, LLP
Larkspur, California
March 28, 2014

CERTIFIED PUBLIC
ACCOUNTANTS

DONALD WILSON
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CHARLES STUCKEY
DAVID HARDESTY
DAVID BOTT
DAVID BAILEY
MICHAEL SMITH

Board of Directors
Family Caregiver Alliance

Report on Compliance for Each Major Federal Program

We have audited Family Caregiver Alliance's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Family Caregiver Alliance's major federal programs for the year ended June 30, 2013. Family Caregiver Alliance's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Family Caregiver Alliance'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Family Caregiver Alliance'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 Family Caregiver Alliance's compliance.

Opinion on Each Major Federal Program

In our opinion, Family Caregiver Alliance 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, 2013.

Report on Internal Control over Compliance

Management of Family Caregiver Alliance 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 Family Caregiver Alliance'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 OMB Circular A-133, 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 Family Caregiver Alliance'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Wilson Markle Stuckey Hardesty & Bott

Wilson Markle Stuckey Hardesty & Bott, LLP
Larkspur, California
March 28, 2014

Family Caregiver Alliance
Schedule of Findings and Questioned Costs
Year ended June 30, 2013

Section I - Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Family Caregiver Alliance.
2. The audit disclosed no significant deficiencies or material weaknesses related to the audit of the financial statements in the "Independent Auditor's 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*".
3. The audit disclosed no instances of noncompliance material to the financial statements of Family Caregiver Alliance, which "Government Auditing Standards" would require to disclose.
4. The audit disclosed no deficiencies considered to be material weaknesses related to internal control over major federal award programs in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133".
5. The auditor's report on compliance for the major federal award programs for Family Caregiver Alliance expresses an unmodified opinion on all major federal award programs.
6. The audit disclosed no audit findings that Section 510(a) of OMB Circular A-133 requires auditors to report in this Schedule (below).
7. The program(s) tested as major programs included:
 - Department of Health and Human Services
 - CFDA 93.052: National Family Caregiver Support, Title III, Part E
8. The threshold to distinguish between Type A and B programs was \$300,000.
9. Family Caregiver Alliance was a high-risk auditee.

Findings – Financial Statements Audit:

None found or reported.

Findings and Questioned Costs – Major Federal Award Programs Audit:

None found or reported.

Family Caregiver Alliance
Summary Schedule of Prior Audit Findings
Year ended June 30, 2013

FINDING 2012-1 93.048 – Special Programs for the Aging Title IV Discretionary Projects

Condition: Family Caregiver Alliance failed to file the required annual report form SF-269/FFR-425, as required for its direct award CFDA 93.048 Special Programs for the Aging Title IV Discretionary Projects.

Recommendation: It was recommended that Family Caregiver Alliance contact the program manager at Administration on Aging to discuss the remedial action that may be required.

Current status: It does not appear that corrective action was taken as a similar finding was found in the June 30, 2013 audit.

Management comment: Management stated that corrective action was put in place, but the timely filing of the report was missed due to an unexpected medical procedure and convalescence of the Fiscal Director.