



FAMILY CAREGIVER ALLIANCE®
National Center on Caregiving

Family Caregiver Alliance

Financial Statements

For the years ended June 30, 2017 and 2016

and

Schedule of Expenditures of Federal Awards

with

Reports of Independent Auditors

Reports Required by
“Government Auditing Standards,” issued by the
Comptroller General of the United States of America
Title 2 U.S. “Code of Federal Regulations” Part 200, “Uniform Administrative Requirements,
Cost Principles, and Audit Requirements for Federal Awards”

CERTIFIED PUBLIC
ACCOUNTANTS

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

Report of Independent Auditors

To the Board of Directors of the **Family Caregiver Alliance**:

Report on the Financial Statements

We have audited the accompanying financial statements of Family Caregiver Alliance (FCA), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Responsibility of the Auditor

Our responsibility is to express an opinion on the 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 of America. 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 our 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, we consider internal control relevant to the preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of 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 present fairly, in all material respects, the financial position of FCA as of June 30, 2017 and 2016, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

We conducted our audit to form an opinion on the financial statements as a whole. Management presents the accompanying schedule of expenditures of federal awards (schedule) for additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" and it is not a required part of the financial statements. The schedule is the responsibility of management and they derived it from, and it relates directly to the underlying accounting and other records used to prepare the financial statements. We have subjected the schedule to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule 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 December 29, 2017, on our consideration of the internal control over financial reporting of FCA and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting and compliance of FCA.

Wilson Markle Stuckey Hardesty & Bott, LLP

Wilson Markle Stuckey Hardesty & Bott, LLP

Larkspur, CA

December 29, 2017

Family Caregiver Alliance
Statements of Financial Position
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 168,682	\$ 207,619
Investments	575,801	597,774
Contributions receivable, net	—	15,000
Contracts receivable	366,594	484,360
Prepaid expenses	38,970	26,755
Property and equipment, net	29,300	28,078
Computer software, net	107,001	—
Deposits	18,653	28,505
	<u>\$1,305,001</u>	<u>\$1,388,091</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 200,337	\$ 357,498
Deferred rent	5,064	5,223
	<u>205,401</u>	<u>362,721</u>
Net assets		
Unrestricted	727,264	509,599
Temporarily restricted	372,336	515,771
	<u>1,099,600</u>	<u>1,025,370</u>
	<u>\$1,305,001</u>	<u>\$1,388,091</u>

See accompanying notes.

Family Caregiver Alliance
Statements of Activities and Changes in Net Assets
For the year ended June 30, 2017

	Unrestricted	Temporarily restricted	2017 Totals
Support and revenue			
Contributions	\$ 647,894	\$178,882	\$ 826,776
Government contracts	1,527,682	-	1,527,682
Client fees	9,750	-	9,750
Investment income, net	30,601	-	30,601
Other income	37,096	-	37,096
Net assets released from restrictions	322,317	(322,317)	-
	<hr/>		
Total support and revenue	2,575,340	(143,435)	2,431,905
Expenses			
Program services	1,846,130	-	1,846,130
Management and general	486,218	-	486,218
Fundraising	25,327	-	25,327
	<hr/>		
Total expenses	2,357,675	-	2,357,675
Changes in net assets	217,665	(143,435)	74,230
Net assets, beginning of year	509,599	515,771	1,025,370
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Net assets, end of year	\$ 727,264	\$372,336	\$1,099,600
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See accompanying notes.

Family Caregiver Alliance
Statements of Activities and Changes in Net Assets
For the year ended June 30, 2016

	Unrestricted	Temporarily restricted	2016 Totals
Support and revenue			
Contributions	\$ 355,206	\$ 116,509	\$ 471,715
Government contracts	1,386,141	—	1,386,141
Client fees	10,180	—	10,180
Investment income, net	5,717	—	5,717
Other income	4,668	—	4,668
Net assets released from restrictions	848,770	(848,770)	—
	<hr/>		
Total support and revenue	2,610,682	(732,261)	1,878,421
 Expenses			
Program services	2,005,338	—	2,005,338
Management and general	525,504	—	525,504
Fundraising	24,211	—	24,211
	<hr/>		
Total expenses	2,555,053	—	2,555,053
 Changes in net assets	55,629	(732,261)	(676,632)
 Net assets, beginning of year	453,970	1,248,032	1,702,002
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Net assets, end of year	\$ 509,599	\$ 515,771	\$1,025,370
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See accompanying notes.

Family Caregiver Alliance
Statements of Functional Expenses
For the year ended June 30, 2017

Expenses	Program services	Manage- ment and general	Fund- raising	2016 Totals
Salaries	\$ 628,888	\$273,096	\$13,535	\$ 915,519
Payroll taxes	48,228	20,943	1,038	70,209
Employee benefits	161,781	69,951	3,497	235,229
Alzheimer's Disease Caregiving Legacy Award	60,000	—	—	60,000
Communications	35,591	14,775	703	51,069
Equipment	24,416	10,602	525	35,543
Family support services	188,073	—	—	188,073
Insurance	5,982	6,313	129	12,424
Occupancy	126,407	54,893	2,721	184,021
Office	29,074	8,464	2,154	39,692
Postage and delivery	4,393	1,444	667	6,504
Printing	2,343	190	26	2,559
Program fees and consultants	57,304	—	—	57,304
Subcontractors	411,731	11,996	—	423,727
Travel and conferences	40,971	8,613	87	49,671
Depreciation	11,371	4,938	245	16,554
Amortization	9,577	—	—	9,577
Total expenses	\$1,846,130	\$486,218	\$25,327	\$2,357,675

See accompanying notes.

Family Caregiver Alliance
Statements of Functional Expenses
For the year ended June 30, 2016

Expenses	Program services	Manage- ment and general	Fund- raising	2016 Totals
Salaries	\$ 628,583	\$304,191	\$13,059	\$ 945,833
Payroll taxes	53,375	24,752	1,063	79,190
Employee benefits	141,934	64,958	2,768	209,660
Alzheimer's Disease Caregiving Legacy Award	80,000	-	-	80,000
Communications	21,282	8,738	343	30,363
Equipment	25,527	11,685	502	37,714
Family support services	158,814	-	-	158,814
Insurance	5,827	6,064	116	12,007
Occupancy	89,498	41,503	1,782	132,783
Office	27,023	7,817	2,601	37,441
Postage and delivery	7,662	832	1,327	9,821
Printing	943	-	532	1,475
Program fees and consultants	52,675	-	-	52,675
Subcontractors	615,249	31,334	-	646,583
Travel and conferences	57,548	10,664	-	68,212
Other	33,480	10,222	-	43,702
Depreciation	5,918	2,744	118	8,780
Total expenses	\$2,005,338	\$525,504	\$24,211	\$2,555,053

See accompanying notes.

Family Caregiver Alliance
Statements of Cash Flows
For the years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ 74,230	(\$676,632)
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation	16,554	8,780
Amortization	9,577	—
Bad debt	—	10,000
Contributions of investments	(19,905)	(24,156)
Realized loss (gain) from sale of and unrealized depreciation (appreciation) from holding investments	(23,328)	1,807
Changes in assets and liabilities		
Contributions receivable	15,000	475,606
Contracts receivable	117,766	94,831
Other receivables	—	6,927
Prepaid expenses	(12,215)	11,426
Accounts payable and accrued expenses	(157,161)	62,079
Deferred rent	(159)	(9,953)
	20,359	(39,285)
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Proceeds from sale of investments	1,094,464	694,471
Purchases of investments	(1,029,258)	(587,960)
Purchases of property and equipment	(17,776)	(4,575)
Capitalization of computer software costs	(116,578)	—
Net change in deposits	9,852	(4,924)
	(59,296)	97,012
Net cash (used) provided by investing activities		
Net change in cash and cash equivalents	(38,937)	57,727
Cash and cash equivalents, beginning of year	207,619	149,892
Cash and cash equivalents, end of year	\$ 168,682	\$207,619

See accompanying notes.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 1 – Basis of Presentation

Organization

Family Caregiver Alliance (FCA) is a California based not-for-profit corporation founded in 1977 to improve the quality of life for caregivers and those they care for through information, services and advocacy.

Programs and activities

FCA empowers and sustains the critical work those providing long-term care for family and/or friends at home. In the fall of 2016, FCA launched CareJourney, an online virtual caregiver resource center. The goal of FCA with this project is to scale information, education and support services in an effort to respond better to caregiver demand for FCA resources.

FCA works to improve the quality of life for family caregivers, the backbone of the nation's long-term care system, through actionable education, direct services, results-driven advocacy and quality research. The shared common challenges of those who care, including adult children, spouses, partners, other relatives and friends, include isolation, lack of information, major upheaval in family and work life and financial strain and they receive marginal recognition of their important role by doctors, healthcare institutions and others. These obstacles conspire to put the health and well-being of the caregiver at risk.

FCA reaching caregivers by the numbers:

3,700 – Consultations provided to caregivers and caregiving professionals through the 1-800 caregivers help line, by email and via FCA CareJourney (online resources, consultation and assessment.)

13,000 – In-home caregiver (unduplicated) consultations for direct services (caregiver assessment, education and skill building, emotional support and care management and planning) and stipends provided for legal and financial consultation, respite and therapeutic counseling in the San Francisco Bay Area since inception.

12,000 – Hours of respite care (temporary time away from caregiving) provided in the San Francisco Bay Area annually.

17,644 – Caregivers and caregiver professionals nationwide who subscribe to FCA e-newsletters, “Caregiver Connections” and “Caregiver Policy Digest.”

628,008 – Visitors to date who viewed the hands-on Caregiver College and other care videos on the FCA YouTube channel CAREGIVERdotORG.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 1 – Basis of Presentation (continued)

167,000 – Average number of unique visitors per month to the website,
<https://www.caregiver.org>.

FCA is a knowledge and direct service organization. Always considering the family caregiver's perspective, FCA provides knowledge of a loved one's disease or condition and addresses the emotional, social and functional elements that infuse family caring daily.

FCA seeks to strengthen the caregiver and their family's trajectory for providing care by delivering or linking them with necessary services and support to enable them to care successfully for their loved one and for themselves.

Specifically, FCA delivers programs **locally, regionally and nationally** to support family caregivers. As the **Bay Area Caregiver Resource Center**, FCA provides a range of caregiver education resources and services including:

- In-depth comprehensive caregiver assessment (in-person, online and by phone)
- Care planning specific to the caregiver's need
- Caregiver classes on a wide variety of topics including managing dementia care behaviors, stress management, self-care for caregivers, problem solving and decision making skills (in person and online)
- Respite care (in-home, adult day care, overnight and Camp for Caring)
- Legal and financial guidance (fact and tip sheets and vouchers for consultation with an attorney)
- Individual and family counseling
- Caregiver support groups (in-person and online)
- Information and referrals.

FCA maintains an ever-growing and often-referenced, peer reviewed library of caregiver fact and tip sheets available online for caregivers and professionals to access at their convenience.

FCA established the **National Center on Caregiving** (NCC) in 2001, to respond to requests from state governments and other public and private organizations nationally seeking consultation on how to meet the needs of caregivers in their state effectively. Today, FCA is actively working to build policy to improve support for caregivers by working with the Administration on Aging and the Center for Medicaid and Medicare and through partnerships with AARP and other key leaders in the health and long-term care services and support arenas.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 1 – Basis of Presentation (continued)

About 70% of the people FCA serves are caring for someone with a cognitive impairment, including Alzheimer's, Frontotemporal dementia, vascular dementia, Parkinson's disease, stroke, traumatic brain injury and brain tumors. About 30% of the people FCA serves are caring for someone with critical conditions such as heart and lung diseases, neuromuscular conditions, advanced arthritis, diabetes or severe depression. Often, the care receiver is living with multiple conditions. A smaller but significant percentage of caregiver clients are actively caring for more than one person. In partnership with peer national organizations, FCA writes curriculum and leads classes as part of the National Caregiver Training Program for family caregivers of military veterans.

FCA engages in advocacy for policies and programs of direct benefit to family caregivers nationwide. Working collaboratively and across broad coalitions, FCA has helped to achieve funding for the statewide system of California Caregiver Resource Centers and California's Paid Family Leave benefit. National advocacy efforts have resulted in changes in rules governing assessment of family caregivers for Medicaid waiver programs and respite rules. FCA personnel are often asked to participate on expert panels related to caregiving topics for use in policy formulation, product development and system improvement in private and public sectors.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting

FCA prepares its financial statements using accounting principles generally accepted in the United States of America (US-GAAP). FCA records contributions when promised, revenues when earned and expenses when incurring the related obligation. FCA recognizes revenues from reimbursable cost contracts when incurring the related expenses.

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 and investments. 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.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

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

Investments

Investments consist principally of cash, common stock and registered investment company shares (mutual funds). FCA states its investments at fair value. Net investment income consists of interest, dividends, realized gains and losses and unrealized appreciation and depreciation.

Contracts receivable

Contracts receivable consist of amounts due under cost reimbursement and fee-for-service contracts. All contracts receivable are due within the year ending June 30, 2018.

Allowance for uncollectible receivables

FCA uses the allowance method to account for uncollectible receivables. Under this method, FCA reviews all receivables for any problems with collectability. If FCA feels that there may be a problem with collections, FCA provides an allowance for the receivable. When attempts to collect a specific receivable are unsuccessful, FCA considers the receivable uncollectible and writes it off against the allowance. As of June 30, 2017, FCA concluded that an allowance for uncollectible receivables was not necessary. As of June 30, 2016, the allowance for uncollectible receivables totaled \$10,000.

Property and equipment

Property and equipment consists of furniture, software, computer and office equipment and leasehold improvements. FCA capitalizes property and equipment with an initial cost (or fair value when contributed) of \$2,500 and an estimated useful life exceeding one year. FCA calculates depreciation using the straight-line method over the estimated useful lives of the property and equipment, or the shorter remaining term of the lease for leasehold improvements.

Computer software costs

During the year ended June 30, 2017, FCA completed development of its CareJourney portal for caregivers and counselors. FCA established the technological feasibility of CareJourney during September 2016 and released CareJourney for sale to customers during February 2017. Accordingly, FCA expensed research and development costs related to CareJourney incurred before September 2016, expensed maintenance and customer support costs after February 2017 and capitalized costs between September 2016 and February 2017. FCA amortizes its capitalized computer software costs based on the higher of straight-line over five years and in proportion that cumulative sales have to total estimated sales.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Net assets

Net assets consist of unrestricted and temporarily restricted net assets. Donors may direct contributions to specific periods or programs. FCA classifies such contributions as temporarily restricted net assets. When donor restrictions expire or are otherwise met, FCA reclassifies temporarily restricted net assets as unrestricted net assets. FCA may classify certain donor-restricted contributions as unrestricted net assets when FCA meets the donor restrictions in the same period as the contribution.

Indirect cost allocation

FCA allocates indirect costs among program services, management and general and fundraising based principally on estimated and actual personnel time, amounts and units of service.

Income taxes

The Internal Revenue Service (IRS) and Franchise Tax Board (FTB) have advised FCA 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. In addition, 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.

FCA files information returns with the IRS and FTB, which are generally open to examination three years and four years after filing, respectively.

Use of estimates

The preparation of financial statements in conformity with US-GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

The management of FCA has evaluated subsequent events for recognition and disclosure through December 29, 2017, the date the financial statements were available for issuance. Management concluded that no material subsequent events have occurred since June 30, 2017, which would require recognition or disclosure.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 3 – Investments

As of June 30, 2017, investments total as follows:

<u>Investments</u>	<u>Totals</u>	<u>Level 1</u>
Cash and cash equivalents	\$ 17,444	\$ –
Common stock	47,143	47,143
Mutual funds		
Money market	241,070	241,070
Bond index	148,423	148,423
Global equities	<u>121,721</u>	<u>121,721</u>
Totals	<u>\$575,801</u>	<u>\$558,357</u>

As of June 30, 2016, investments total as follows:

<u>Investments</u>	<u>Totals</u>	<u>Level 1</u>
Cash and cash equivalents	\$ 16,853	\$ –
Common stock	19,832	19,832
Mutual funds		
Money market	312,038	312,038
Bond index	149,082	149,082
Global equities	<u>99,969</u>	<u>99,969</u>
Totals	<u>\$597,774</u>	<u>\$580,921</u>

During the years ended June 30, 2017 and 2016, FCA did not transfer investments among fair value input levels.

During the years ended June 30, 2017 and 2016, net investment income totaled as follows:

	<u>2017</u>	<u>2016</u>
Interest	\$ 118	\$ 79
Dividends	7,155	7,445
Realized loss	–	(23,528)
Unrealized appreciation	<u>23,328</u>	<u>21,721</u>
Investment income, net	<u>\$30,601</u>	<u>\$ 5,717</u>

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 4 – Contracts Receivable

As of June 30, 2017 and 2016, contracts receivable totaled as follows:

<u>Contractor</u>	<u>2017</u>	<u>2016</u>
Alzheimer’s Association of Northern California and Northern Nevada	\$ 8,750	\$ 7,775
County of Alameda	43,027	15,595
State of California	76,685	259,237
County of Contra Costa	28,746	10,386
Easterseals	–	19,747
County of Marin	2,600	–
County of San Francisco	111,791	151,633
County of San Mateo	18,995	19,987
University of Southern California	<u>76,000</u>	<u>–</u>
Total contracts receivable	<u>\$366,594</u>	<u>\$484,360</u>

Note 5 – Property and Equipment

As of June 30, 2017 and 2016, property and equipment totaled as follows:

	<u>2017</u>	<u>2016</u>
Furniture	\$ 46,637	\$ 46,637
Software, computer and office equipment	139,699	133,494
Leasehold improvements	<u>27,827</u>	<u>16,256</u>
Total property and equipment	214,163	196,387
Less accumulated depreciation	<u>184,863</u>	<u>168,309</u>
Property and equipment, net	<u>\$ 29,300</u>	<u>\$ 28,078</u>

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 6 – Computer Software Costs

As of June 30, 2017, capitalized computer software costs totaled as follows:

CareJourney	\$116,578
Less accumulated amortization	<u>9,577</u>
Computer software, net	<u>\$107,001</u>

During the year ended June 30, 2017, FCA expensed research and development costs related to CareJourney totaling \$84,619, expensed maintenance and customer support costs totaling \$29,639 and capitalized costs totaling \$116,578.

During the years ending June 30, expected amortization of capitalized computer software costs totals as follows:

2018	\$22,984
2019	22,984
2020	22,984
2021	22,984
2022	15,065

Note 7 – Temporarily Restricted Net Assets

During the year ended June 30, 2017, temporarily restricted net assets reconciled as follows:

<u>Purpose</u>	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Dementia Capable Supports and Services Initiative	\$ 10,000	\$ –	\$ 1,372	\$ 8,628
Family Care Navigator	42,312	–	42,312	–
Family Caregiver Respite and Counseling	103,008	8,882	77,114	34,776
Family Caregiver Training	14,349	–	–	14,349
Family Caregiving Clearinghouse	5,907	–	–	5,907
Innovations in Alzheimer's Disease Caregiving Legacy Award	–	120,000	120,000	–
Medication Management Materials	–	50,000	–	50,000
Online Learning Communities	<u>340,195</u>	<u>–</u>	<u>81,519</u>	<u>258,676</u>
Totals	<u>\$515,771</u>	<u>\$178,882</u>	<u>\$322,317</u>	<u>\$372,336</u>

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 7 – Temporarily Restricted Net Assets (continued)

During the year ended June 30, 2016, temporarily restricted net assets reconciled as follows:

<u>Purpose</u>	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
Atlas of Caregiving Project	\$ 269,766	\$ –	\$269,766	\$ –
Care Transition	17,000	–	17,000	–
Caregiver Assessment 2.0	68,616	–	68,616	–
Dementia Capable Supports and Services Initiative	–	10,000	–	10,000
Family Care Navigator	257,804	–	215,492	42,312
Family Caregiver Respite and Counseling	60,857	74,870	32,719	103,008
Family Caregiver Training	14,349	–	–	14,349
Family Caregiving Clearinghouse	5,907	–	–	5,907
Innovations in Alzheimer's Disease Caregiving Legacy Award	112,687	21,800	134,487	–
Online Learning Communities	441,046	–	100,851	340,195
Other	–	9,839	9,839	–
Totals	<u>\$1,248,032</u>	<u>\$116,509</u>	<u>\$848,770</u>	<u>\$515,771</u>

Note 8 – Bank Credit Line

FCA has available a revolving bank credit line of \$150,000 from a commercial bank. There were no borrowings due as of June 30, 2017 or 2016. Receivables secure the line of credit. Amortized principal and fixed interest (at 10.50%) payments are due monthly. The bank credit line is subject to annual approval and renewal by the commercial bank, which last occurred effective November 14, 2017.

Note 9 – Endowment

FCA follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds” and the related state of California version of the UPMIFA (CA-UPMIFA).

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 9 – Endowment (continued)

Endowment funds subject to only FASB ASC 958-205 include board designated net assets. During the years ended June 30, 2017 and 2016, no endowment funds were subject to both FASB ASC 958-205 and CA-UPMIFA.

FCA classifies and records net assets associated with endowment funds, including funds designated by the Board of Directors of FCA to function as endowments, based on the existence or absence of donor-imposed restrictions.

The Board of Directors of FCA has interpreted the CA-UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Because of this interpretation, FCA classifies as permanently restricted net assets the original value of gifts contributed to the permanent endowment, the original value of subsequent gifts to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that FCA does not classify as permanently restricted net assets FCA classifies as temporarily restricted net assets until the Board of Directors of FCA appropriates those amounts for expenditure by FCA in a manner consistent with the standard of prudence prescribed by CA-UPMIFA. In accordance with CA-UPMIFA, FCA considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds and incorporating the limitation under California state law of appropriations to seven percent of the fair value of the endowment funds.

During the years ended June 30, 2017 and 2016, endowment funds reconciled as follows:

	<u>2017</u>	<u>2016</u>
Beginning of year	\$597,774	\$681,936
Dividends	7,155	7,445
Realized loss	–	(23,528)
Unrealized appreciation	23,328	21,721
Contributions	19,905	24,160
Appropriated for expenditures	(822,350)	(685,000)
Board designations	<u>749,989</u>	<u>571,040</u>
End of year	<u>\$575,801</u>	<u>\$597,774</u>

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 9 – Endowment (continued)

As of June 30, 2017 and 2016, endowment funds totaled as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted – Board designated	<u>\$575,801</u>	<u>\$597,774</u>

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 CA-UPMIFA requires FCA to retain as a fund of perpetual duration. In accordance with US-GAAP, FCA records deficiencies of this nature in unrestricted net assets. Deficiencies may result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions and continued appropriation for programs that the Board of Directors of FCA deems prudent. As the June 30, 2017 and 2016, there was no such deficiency.

FCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

The investment policy of FCA provides for diversification, preservation of capital and risk aversion. The long-term financial goal for FCA investments is to provide a relatively stable stream of spendable revenue that increases over time at least as fast as the general rate of inflation, as measured by the Consumer Price Index. The long-term investment objective for FCA investments is to maximize long-term real (i.e., after inflation) total returns (i.e., yield plus capital appreciation) while moderating fundamental investment risks.

The spending policy of FCA incorporates CA-UPMIFA and consists of a spending rate, approved by the Board of Directors of FCA annually. The spending rate should provide, to the extent practical, a steady stream of income from year to year, consistent with the need to preserve the endowment fund and taking into account the factors incorporated in CA-UPMIFA.

Unrestricted (board designated) endowment funds are subject to redesignation at any time, including redesignation as other than endowment funds.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 10 – Lease Commitment

FCA leases its office space under an office lease that expires on May 31, 2018. Required future minimum lease payments for the year ending June 30, 2018, total \$150,211.

Occupancy costs include storage and other operating costs. During the years ended June 30, 2017 and 2016, rent expense totaled \$159,549 and \$129,568, respectively.

Note 11 – Employee Retirement Plan

FCA offers a defined contribution retirement plan for the benefit of its eligible employees under section 403(b) of the Internal Revenue Code (IRC). The Plan allows for employee elective contributions and for employer matching contributions. Matching contributions are determined annually at the discretion of the Board of Directors of FCA. Employee contributions are 100% vested. Employer contributions vest based on years of service and fully vest after five years of service. During the year ended June 30, 2017, FCA matched 25% of the first \$10,000 of eligible employee deferrals. During the year ended June 30, 2016, FCA matched 25% of eligible employee deferrals, on deferrals up to the IRC limit. During the years ended June 30, 2017 and 2016, FCA matching contributions totaled \$29,366 and \$37,679, respectively.

Note 12 – Risks, Uncertainties and Concentrations

At various times during the years ended June 30, 2017 and 2016, FCA had deposits with a commercial bank in excess of federal deposit insurance limits.

As of June 30, 2017 and 2016, investments held by one custodian totaled 89% and 94% of total investments, respectively. Investments are not federally insured.

During the years ended June 30, 2017 and 2016, contributions received from one public charity totaled 14% and 11% of total support and revenue, respectively.

During the years ended June 30, 2017 and 2016, government contract revenue received from one county totaled 19% and 23% of total revenue and support, respectively.

During the years ended June 30, 2017 and 2016, government contract revenue received from one state totaled 20% and 26% of total revenue and support, respectively.

Family Caregiver Alliance
Notes to Financial Statements
June 30, 2017

Note 12 – Risks, Uncertainties and Concentrations (continued)

A significant reduction in the level of contributions or government contract revenue, if it were to occur without replacement from other support and revenue, could adversely affect the extent of the programs and activities of FCA.

FCA receives support and revenue that may be subject to audit or review by the grantor or contractor agencies. The management of FCA 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 13 – Related Party Transactions

A member of the Board of Directors is the president of an entity that FCA paid for consulting and database services related to the Atlas of Caregiving Project. During the year ended June 30, 2016, FCA paid the entity \$147,090. During the year ended June 30, 2017, FCA served as the fiscal agent for the same entity, receiving grants totaling \$672,000, remitting \$638,400 to the entity and retaining \$33,600 in fees, included in other income.

Schedule of Expenditures of Federal Awards

Family Caregiver Alliance
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2017

Grantors, awards and Pass-through entities	Contract numbers	CFDA	Gross expenditures	Matching	Net expenditures	Federal share	County share	Paid to subrecipients	
U.S. Department of Health and Human Services									
National Family Caregiver Support, Title III, Part E									
State of California, County of									
Alameda	900175	93.052	\$ 177,916	\$ 49,500	\$128,416	\$116,274	\$12,142	\$ -	
Contra Costa	40-368-1	93.052	193,785	48,641	145,144	145,144	-	-	
San Mateo	57000-17-R074772I-A1	93.052	171,400	46,350	125,050	112,823	12,227	-	
San Francisco	4080-10/11	93.052	624,383	162,155	462,228	442,018	20,210	164,100	
Totals			93.052	\$1,167,484	\$306,646	\$860,838	\$816,259	\$44,579	\$164,100

Notes to the Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

The Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Family Caregiver Alliance (FCA) under programs passed-through from the federal government to the indicated counties for the year ended June 30, 2017. FCA presents the information in the SEFA 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). Because the SEFA presents only a selected portion of the operations of FCA, it is not intended to and does not present the financial position, changes in net assets or cash flows of FCA.

Note B - Summary of Significant Accounting Principles

(1) FCA reports expenditures in the SEFA using the accrual basis of accounting. FCA recognizes such expenditures following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. In addition, the indicated counties may impose their own reimbursement limits.

(2) FCA did not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**WILSON
MARKLE
STUCKEY
HARDESTY
& BOTT LLP**

CERTIFIED PUBLIC
ACCOUNTANTS

DONALD WILSON

ALAN MARKLE

CHARLES STUCKEY

DAVID HARDESTY

DAVID BOTT

DAVID BAILEY

MICHAEL SMITH

**Report of Independent Auditor 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 the **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 (FCA), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the internal control over financial reporting of FCA (internal control) to determine the audit procedures that are appropriate in the circumstances to express our opinion on the financial statements, but not to express an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of 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 internal control will not prevent, or detect and correct a material misstatement of the financial statements 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 material weaknesses. However, material weaknesses may exist that we have not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of 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 we are required to report 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 internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson Markle Stuckey Hardesty & Bott, LLP

Wilson Markle Stuckey Hardesty & Bott, LLP
Larkspur, California
December 29, 2017

**WILSON
MARKLE
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HARDESTY
& BOTT LLP**

CERTIFIED PUBLIC
ACCOUNTANTS

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MICHAEL SMITH

**Report of Independent Auditors on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors of the **Family Caregiver Alliance**:

Report on Compliance for Each Major Federal Program

We have audited the compliance by Family Caregiver Alliance (FCA) with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the major federal programs of FCA for the year ended June 30, 2017. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the major federal programs of FCA.

Responsibility of Management for Compliance

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

Responsibility of the Auditor

Our responsibility is to express an opinion on compliance for each of the major federal programs of FCA 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 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 compliance by FCA.

Opinion on Each Major Federal Program

In our opinion, FCA 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, 2017.

Report on Internal Control over Compliance

Management of FCA 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 internal control over compliance by FCA 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 to express 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 to express an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 internal control over compliance will not prevent, or detect and correct material noncompliance with a type of compliance requirement of a federal program 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 material weaknesses. However, material weaknesses may exist that we have not 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.

Wilson Markle Stuckey Hardesty & Bott, LLP

Wilson Markle Stuckey Hardesty & Bott, LLP

Larkspur, CA

December 29, 2017

Family Caregiver Alliance
Schedule of Findings and Questioned Costs
June 30, 2017

Summary of Audit Results

1. The audit report expresses an unmodified opinion on whether Family Caregiver Alliance prepared its financial statements in accordance with accounting principles generally accepted in the United States of America.
2. The audit disclosed no instances of noncompliance material to the financial statements of Family Caregiver Alliance that Government Auditing Standards require to be reported.
3. The audit report on compliance for the major federal programs of Family Caregiver Alliance, expresses an unmodified opinion on all major federal programs.
4. This schedule reports audit findings that we are required to report in accordance with 2 CFR section 200.516(a).
5. The program tested as a major federal program was:
U.S. Department of Health and Human Services
National Family Caregiver Support, Title III, Part E
CFDA 93.052
7. The threshold for distinguishing Type A and B programs was \$750,000.
8. Family Caregiver Alliance does not qualify as a low-risk auditee.

Summary Schedule of Prior Audit Findings – None

Findings – Financial Statements Audit – None

Findings and Questioned Costs – Major Federal Award Programs Audit – None