

---

**COMMUNITY SOLUTIONS**  
**for Children, Families and Individuals**  
**(A CALIFORNIA NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

---

---

**COMMUNITY SOLUTIONS  
for Children, Families and Individuals**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

---

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	2
Statements of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 15
Schedule of Expenditures of Federal, State and Local Awards	16
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 <i>Government Auditing Standards</i>	17
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	18
Supplementary Information Required by the California Office of Emergency Services (CAL OES)	19-20
Schedule of Findings and Questioned Costs	21

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Community Solutions for Children, Families and Individuals  
Gilroy, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Community Solutions for Children, Families and Individuals (Community Solutions), a California non-profit organization which comprise the statements of financial position as of June 30, 2019 and June 30, 2018, the related statements of cash flows for the years then ended, the related statements of activities and functional expenses for the year ended June 30, 2019, 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 error or fraud.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of 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 misstatements 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 statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Solutions as of June 30, 2019 and June 30, 2018, the changes in its cash flows for the years then ended, and the changes in its net assets for the year ended June 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

**Other Matters-Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal, state, and local awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and California Office of Emergency Services (OES) supplementary information for the year ended June 30, 2019, as required by OES, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 September 12, 2019 on our consideration of Community Solutions' 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 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 Community Solutions' internal control over financial reporting and compliance.

**Report on Summarized Comparative Information**

We have previously audited Community Solutions' June 30, 2018 financial statements, and our report dated September 12, 2018, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



September 12, 2019

**COMMUNITY SOLUTIONS**  
**for Children, Families, and Individuals**  
**Statements of Financial Position**  
**As of June 30, 2019 and June 30, 2018**

	2019	2018
<u>ASSETS</u>		
Assets:		
Cash	\$ 144,116	\$ 1,441
Accounts receivable, net	27,725	28,126
Grants receivable, net	5,737,854	5,071,003
Unconditional promises to give:		
Pledges receivable	5,440	50,000
Investments	224,690	225,604
Prepaid expenses	103,650	55,999
Total current assets	<u>6,243,475</u>	<u>5,432,173</u>
 Fixed assets, net	 1,462,444	 1,097,334
 Deposits	 106,618	 73,384
TOTAL ASSETS	<u><u>\$ 7,812,537</u></u>	<u><u>\$ 6,602,891</u></u>

<u>LIABILITIES &amp; NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 1,109,710	\$ 929,069
Accrued salaries & vacation	1,956,511	1,638,647
Other current liabilities	245,097	277,922
Accrued interest payable	27,220	26,049
Deferred revenue	2,213,299	1,990,869
Notes payable, current portion	66,553	51,715
Total current liabilities	<u>5,618,390</u>	<u>4,914,271</u>
 Grants payable, long term	 46,918	 46,918
Accrued interest payable	115,531	145,675
Notes payable	962,300	589,415
Total long term liabilities	<u>1,124,749</u>	<u>782,008</u>
Total liabilities	<u>6,743,139</u>	<u>5,696,279</u>
 Net assets		
Without donor restrictions	780,578	555,373
Without donor restrictions-board designated	224,690	225,604
With donor restrictions	64,130	125,635
Total net assets	<u>1,069,398</u>	<u>906,612</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 7,812,537</u></u>	<u><u>\$ 6,602,891</u></u>

**COMMUNITY SOLUTIONS**  
**for Children, Families, and Individuals**  
**Statement of Activities**  
**For the Year ended June 30, 2019**  
**with summarized financial information for the year ended June 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	June 30, 2019 Totals	Comparative Summary Totals for the Year ended June 30, 2018
<b>SUPPORT &amp; REVENUE</b>				
Support received directly				
Contributions	\$ 208,123	\$ 5,440	\$ 213,563	\$ 168,726
Contributions, in-kind	93,359		93,359	98,864
Special events, less expenses of \$74,869 and \$71,561	156,382		156,382	136,798
Self forgiving indebtedness	-		-	100,000
Foundations and grants	113,467		113,467	106,861
Support received indirectly				
United Way	731		731	1,252
Total support	572,062	5,440	577,502	612,501
Revenue				
Government grants and fees	29,090,267		29,090,267	25,369,288
Investment income	1,267		1,267	6,148
Program rents received	421,947		421,947	383,500
Other income	25,689		25,689	48,718
Fees for services	444,832		444,832	385,999
Total revenue	29,984,002	-	29,984,002	26,193,653
Net assets released from restrictions	66,945	(66,945)	-	-
<b>TOTAL SUPPORT &amp; REVENUE</b>	<b>30,623,009</b>	<b>(61,505)</b>	<b>30,561,504</b>	<b>26,806,154</b>
<b>EXPENSES</b>				
Program Services				
Behavioral Health Care	22,887,806		22,887,806	19,996,221
Prevention and Education	671,177		671,177	964,919
Solutions to Violence	3,944,786		3,944,786	3,266,496
Total Program Services	27,503,769	-	27,503,769	24,227,636
Support Services				
Management and General	2,606,446		2,606,446	2,343,375
Fund Development	288,503		288,503	245,197
Total Support Services	2,894,949	-	2,894,949	2,588,572
<b>TOTAL EXPENSES</b>	<b>30,398,718</b>	<b>-</b>	<b>30,398,718</b>	<b>26,816,208</b>
Change in net assets from operations	224,291	(61,505)	162,786	(10,054)
Net assets at beginning of year	780,977	125,635	906,612	916,666
Net assets at end of year	\$ 1,005,268	\$ 64,130	\$ 1,069,398	\$ 906,612

**COMMUNITY SOLUTIONS**  
**for Children, Families, and Individuals**  
**Statement of Functional Expenses**  
**For the Year ended June 30, 2019**  
**with summarized financial information for the year ended June 30, 2018**

	PROGRAM SERVICES				Comparative Summary
	Behavioral Health Care	Prevention and Education	Solutions to Violence	June 30, 2019 Totals	Totals for the Year ended June 30, 2018
Salaries	\$ 14,150,634	\$ 399,543	\$ 1,765,448	\$ 16,315,625	\$ 14,165,705
Payroll taxes & employee benefits	3,927,606	117,147	555,964	4,600,717	4,234,755
Total salaries & related expenses	18,078,240	516,690	2,321,412	20,916,342	18,400,460
Professional fees	1,570,568	9,817	749,021	2,329,406	2,272,731
Supplies	362,692	17,212	140,344	520,248	337,042
Telephone	183,211	7,306	30,253	220,770	190,220
Postage & shipping	19,924	1,112	3,182	24,218	19,735
Occupancy	866,040	25,749	144,208	1,035,997	940,841
Insurance	88,608	2,997	12,194	103,799	97,686
Utilities	149,981	14,905	26,458	191,344	157,692
Interest	30,428	6,699	640	37,767	31,971
Equipment maintenance & rental	221,359	4,761	26,905	253,025	187,932
Printing & publications	3,172	108	21,561	24,841	20,493
Travel	632,554	13,161	67,080	712,795	679,984
Conferences, conventions & meetings	74,928	1,795	79,115	155,838	115,079
Specific assistance to individuals	354,175	2,493	311,234	667,902	543,290
Dues & subscriptions	73,298	634	3,507	77,439	75,137
Licensing fees & taxes	32,299	26,098	1,259	59,656	70,409
Bad debt	49,386	-	-	49,386	-
Miscellaneous	40,303	1,510	5,527	47,340	41,172
Total expenses before depreciation & amortization	22,831,166	653,047	3,943,900	27,428,113	24,181,874
Depreciation & amortization	56,640	18,130	886	75,656	45,762
<b>TOTAL EXPENSES</b>	<b>\$ 22,887,806</b>	<b>\$ 671,177</b>	<b>\$ 3,944,786</b>	<b>\$ 27,503,769</b>	<b>\$ 24,227,636</b>

**COMMUNITY SOLUTIONS**  
**for Children, Families, and Individuals**  
**Statement of Functional Expenses**  
**For the Year ended June 30, 2019**  
**with summarized financial information for the year ended June 30, 2018**

	TOTAL PROGRAM SERVICES	MANAGEMENT & SUPPORT SERVICES			June 30, 2019 PROGRAM & SUPPORT SERVICES TOTALS	Comparative Summary Totals for the Year ended June 30, 2018
		Management & General	Fund Development	Total Mgmt. & Sup. Svcs		
Salaries	\$ 16,315,625	\$ 1,434,567	\$ 212,719	\$ 1,647,286	\$ 17,962,911	\$ 15,624,858
Payroll taxes & employee benefits	4,600,717	412,880	48,848	461,728	5,062,445	4,637,545
Total salaries & related expenses	20,916,342	1,847,447	261,567	2,109,014	23,025,356	20,262,403
Professional fees	2,329,406	481,618	2,463	484,081	2,813,487	2,764,218
Supplies	520,248	55,091	4,351	59,442	579,690	370,759
Telephone	220,770	15,955	1,909	17,864	238,634	207,072
Postage & shipping	24,218	5,151	1,250	6,401	30,619	25,472
Occupancy	1,035,997	97,087	6,556	103,643	1,139,640	1,027,609
Insurance	103,799	7,989	961	8,950	112,749	106,189
Utilities	191,344	8,915	1,134	10,049	201,393	167,170
Interest	37,767	2,863	3	2,866	40,633	31,971
Equipment maintenance & rental	253,025	13,742	549	14,291	267,316	197,030
Printing & publications	24,841	14,565	32	14,597	39,438	39,524
Travel	712,795	24,837	1,673	26,510	739,305	695,441
Conferences, conventions & meetings	155,838	9,933	2,630	12,563	168,401	127,308
Specific assistance to individuals	667,902	-	-	-	667,902	543,290
Dues & subscriptions	77,439	5,436	2,502	7,938	85,377	83,549
Licensing fees & taxes	59,656	1,882	228	2,110	61,766	73,890
Bad debt	49,386	-	-	-	49,386	-
Miscellaneous	47,340	6,047	709	6,756	54,096	47,551
Total expenses before depreciation & amortization	27,428,113	2,598,558	288,517	2,887,075	30,315,188	26,770,446
Depreciation & amortization	75,656	7,888	(14)	7,874	83,530	45,762
TOTAL EXPENSES	\$ 27,503,769	\$ 2,606,446	\$ 288,503	\$ 2,894,949	\$ 30,398,718	\$ 26,816,208

**COMMUNITY SOLUTIONS**  
**for Children, Families, and Individuals**  
**Statements of Cash Flows**  
**For the Years ended June 30, 2019 and June 30, 2018**

	2019	2018
Cash flows from operating activities:		
Increase (decrease) in net assets from operations	\$ 162,786	\$ (10,054)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	83,530	45,762
Forgiveness of debt included in support		100,000
Investment management fees deducted	4,229	583
Reinvestment of earnings from investments	(10,157)	(2,996)
Unrealized (gain) loss on investments	6,842	(55)
Changes in assets & liabilities:		
Decrease (increase) in accounts and grants receivable	(621,890)	(568,990)
Decrease (increase) in deposits and prepaid expenses	(80,885)	(31,359)
Increase (decrease) in payables and accrued liabilities	659,137	294,825
Net cash (used) provided by operating activities	<u>203,592</u>	<u>(172,284)</u>
Cash flows from investing activities		
Purchase of investments	-	(223,136)
Acquisition of fixed assets	(372,440)	
Net cash provided (used) by investing activities	<u>(372,440)</u>	<u>(223,136)</u>
Cash flows from financing activities		
Proceeds from (repayment of) line of credit		(155,000)
Proceeds from long term borrowing	337,500	
Repayments of long-term debt	(25,977)	(462,932)
Net cash provided (used) by financing activities	<u>311,523</u>	<u>(617,932)</u>
Net (decrease) increase in cash	<u>142,675</u>	<u>(1,013,352)</u>
Cash, beginning of year	1,441	1,014,793
Cash, end of year	<u>\$ 144,116</u>	<u>\$ 1,441</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash paid during the year for:		
Interest	\$ 69,611	\$ 40,380
Income taxes	\$ 0	\$ 0
Supplemental noncash disclosures:		
Cost basis of assets disposed	\$ 124,433	\$ 0
Assets acquired via financing	\$ 76,200	\$ 0



**COMMUNITY SOLUTIONS  
FOR CHILDREN, FAMILIES AND INDIVIDUALS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**1. NATURE OF ORGANIZATION:**

Community Solutions for Children, Families & Individuals, doing business as Community Solutions (Agency), is a California nonprofit public benefit organization that was founded in 1972. For more than four decades the Agency has provided proactive, compassionate, professional, and effective services to children, families, and individuals facing the most difficult of life's challenges. The Agency holds a deep and unequivocal commitment to each client's success, safety and well being.

The Agency's mission is to create opportunities for positive change by promoting and supporting the full potential of individuals, the strengths of families and the well being of the community. This mission is realized through:

- Wellness and recovery-based behavioral health services
- Strengths-based prevention and intervention services
- Empowerment-based domestic violence, sexual assault and human trafficking intervention services

The Agency provides comprehensive, culturally relevant, and needs driven human services throughout Santa Clara County and within San Benito County. Embracing a client-centered approach, the Agency provides services at the location that is most convenient for the individuals being served, including: client homes, schools, community-based organizations and Agency offices.

**Behavioral Health Care** programs support the well being of children, teens, adults and older adults who are challenged by mental health issues, substance abuse, poverty, and/or severe family dysfunction. Services include:

- 24-hour crisis intervention for youth, families & adults
- Mental health counseling
- Comprehensive case management
- Medication support
- Home-based support services for families with young children
- 12-bed transitional residential center for adults with mental illness
- Clean and sober living environments
- School-based support services

**Prevention and Education** programs are committed to preventing youth and adults from entering into, or further penetrating, the justice system. Services include:

- Assistance with reentry into the community from incarceration
- Prevention & intervention services for at-risk youth
- First-time juvenile offender program
- First Offender and Multiple Offender DUI programs
- Housing for mental health clients

**Solutions to Violence** programs are dedicated to healing and empowering children and adults that have been victimized by sexual assault, domestic violence and human trafficking. Services include:

- 24-hour crisis intervention and response services
- 14-bed confidential domestic violence shelter for women and their children
- Counseling and peer support services
- Legal advocacy and court accompaniment
- School-based and community-based prevention workshops

**COMMUNITY SOLUTIONS  
FOR CHILDREN, FAMILIES AND INDIVIDUALS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Basis of Presentation

The Agency is required to report information regarding its financial position and activities according to two classes of net assets: Without donor restrictions and with donor restrictions. Without donor restrictions are defined as that portion of net assets that has no use or time restrictions. With donor restrictions are defined as those that consist of a restriction on a specific use or the occurrence of a certain event. The financial statements of the Agency are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Contributions

Contributions are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. In addition, pledges and unconditional promises to give are required to be reported as restricted support upon date of notification and are then released from restrictions upon satisfaction of the time or use requirement. If a restriction is fulfilled in the same time period in which the contribution is received, the Agency reports the support as unrestricted.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. As of June 30, 2019, the Agency's investments consist of funds held and administered by the Gilroy Foundation. The Agency has adopted ASC 820-10-50, *Fair Value Measurements*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. For its investments, the Agency utilized Level 1 inputs, consisting of unadjusted quoted prices in active markets for identical assets and having the highest priority. Level 2 and Level 3 inputs were not utilized.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Agency considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents. Included in cash as of June 30, 2019 and June 30, 2018 are six restricted certificates of deposit totaling \$109,681 and \$98,045, which carry immaterial early withdrawal penalties. The carrying amounts reported in the statements of financial position approximate fair values as a result of the short maturity of these instruments.

Accounts Receivable

Accounts and grants receivable are shown net of an allowance of \$151,380 and \$155,594 for private program service fees and contract billings as of June 30, 2019 and June 30, 2018, respectively. Bad debt expense charged to operations during the years ended June 30, 2019 and June 30, 2018 totaled \$49,385 and \$0, respectively.

Income Taxes

The Agency is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3), from California income taxes under Section 23701(d) of the California Bank and Corporation Tax Law, and has been determined to be an organization that is not a private foundation. Management has determined the implementation of ASC 740-10-65 did not have a material impact on its financial statements. Tax years for the years ended June 30, 2015 through June 30, 2019 remain open for examination by taxing authorities.

Indirect Expenses

The Agency has in place a cost allocation plan employed to allocate indirect expenses to each program on a basis proportionate to the direct staff time or other cost driver used for each program.

Estimates

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

**COMMUNITY SOLUTIONS  
FOR CHILDREN, FAMILIES AND INDIVIDUALS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Depreciation

Fixed assets are reported at cost, or donated value, and are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from five to forty years. The Agency's policy is to capitalize fixed asset additions in excess of \$1,000. At June 30, 2019 and June 30, 2018, the cost and related accumulated depreciation for such assets is as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 475,395	\$ 475,395
Buildings	1,304,057	1,304,057
Vehicles	81,919	-
Lease improvements	366,716	124,428
Furniture, equipment & fees	<u>13,822</u>	<u>13,822</u>
	2,241,909	1,917,702
less:		
Accumulated depreciation	<u>779,465</u>	<u>820,368</u>
	<u>\$ 1,462,444</u>	<u>\$ 1,097,334</u>

Depreciation and amortization expense charged for the years ended June 30, 2019 and June 30, 2018 was \$83,530 and \$45,762, respectively. In addition, for the years ended June 30, 2019 and June 30, 2018, \$164,644 and \$89,188, respectively, of equipment and furniture purchased with grant funds, normally capitalized, has been expensed due to the grantor retaining a reversionary interest in title. No asset impairment was recognized by the Agency during the years ended June 30, 2019 and June 30, 2018.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Compensated Absences and Vacations

All eligible full-time employees accrue fifteen days of paid vacation during the first continual year of service. This amount is increased to twenty days after five years, and twenty-five days after ten years. Upon separation, the terminating employee is directly compensated for unused vacation leave. Holidays that fall on vacation periods are not charged against vacation time. Accrued vacation may not be carried beyond eighteen months unless approved by the Executive Director. All regular employees are entitled to be paid sick leave at the rate of twelve working days per year consistent with the number of hours comprising their particular working agreement. Upon separation, under any circumstances, the employee is entitled to sick leave pay at the rate of sixty-five percent of the remaining sick leave, not to exceed 80 hours. In the event of sickness or death in the immediate family of an employee, the employee shall be granted three days of leave of absence with full pay. Such leave will not be subtracted from regular sick leave. Employees are granted a leave of absence with pay at any time they are required to report for jury duty.

Donations

All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated fair market value at date of notification. Donated services, valued at \$60,671 and \$79,284 were contributed by specially trained relief workers involved in the rape crisis program during the years ended June 30, 2019 and June 30, 2018, respectively. During the year ended June 30, 2019 the Agency also received \$32,687 in donated program supplies and food.

**COMMUNITY SOLUTIONS  
FOR CHILDREN, FAMILIES AND INDIVIDUALS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Advertising

The Agency charges all advertising costs incurred to operations as a current expense.

Legacies and Bequests

Legacies and bequests are received by the Agency under various wills and trust agreements. The amounts are recorded upon legal validation.

Revenue Recognition, Grants Receivable, and Grants Payable

The Agency receives cost reimbursement contract revenue as well as fixed rate contract revenue. Revenue is recognized when the corresponding service has been provided according to the agreement, subject to the contract limit, if any. Under fixed rate contracts, the Agency agrees to provide certain services in specified quantities at a prescribed rate per unit of service provided. Certain contracts have provisions for annual settlements to provide for recovery of costs for service capacity required to be provided, but not utilized, and for repayment of amounts billed in excess of contract limits. Estimated settlements are accrued by the Agency as a grant receivable or grant payable for contracts for which cost reports have not been finalized. The carrying amounts for grants receivable and payable reported in the statements of financial position approximate fair values as all amounts are expected to be received or paid within one year.

**3. INVESTMENTS:**

Investments are presented in the financial statement at fair market value based on the closing stated value published on the public exchanges on June 30, 2019 and 2018. The investments are not insured.

	<u>2018</u>	<u>2018</u>
SV Community Foundation pooled investment fund	<u>\$ 224,690</u>	<u>\$ 225,604</u>

The fair market value of these investments reflects an unrealized gain (loss) of (\$6,842) and \$55 as of June 30, 2019 and 2018. Investment returns are shown net of management fees. Components of investment income are as follows for the year ended:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$3,086	\$ 3,882
Realized gains and losses	9,252	2,794
Unrealized gains and losses	(6,842)	55
Management fees charged	<u>(4,229)</u>	<u>(583)</u>
	<u>\$ 1,267</u>	<u>\$ 6,148</u>

**4. GRANTS, PLEDGES, AND ACCOUNTS RECEIVABLE:**

The carrying amounts for grants and accounts receivable reported in the statement of financial position approximate fair value as all amounts are due and expected to be received within ninety days. The following amounts are reported as accounts and grants receivable as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Mental Health	\$4,681,853	\$4,144,034
CAL OES/Human Trafficking	770,245	528,267
Block Grants	118,521	105,101
Social Services	164,005	154,533
Restorative Justice	-	158,799
Other Grants	<u>154,610</u>	<u>135,863</u>
Grants receivable	5,889,234	5,226,597
Program and other fees receivable	27,725	28,126
Less: allowance for doubtful accounts	<u>(151,380)</u>	<u>(155,594)</u>
Total	<u>\$5,765,579</u>	<u>\$5,099,129</u>

**COMMUNITY SOLUTIONS  
FOR CHILDREN, FAMILIES AND INDIVIDUALS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**5. LONG-TERM DEBT:**

Long-term debt at June 30, 2019, is comprised of the following:

<u>Payable to</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Current Amount</u>	<u>Total Due</u>
Northeast Bank, secured by real property, monthly payments of \$1,953	4.75%	9/12/2027	\$ 15,600	\$ 158,849
Pinnacle Bank, secured by real property, monthly payments of \$2,038	5.25%	7/21/2028	6,500	330,054
Ally Financial, secured by personal property, monthly payments \$666	8.99%	10/1/2024	5,194	33,562
Ally Financial, secured by personal property, monthly payments \$789	9.19%	5/1/2025	5,809	42,638
State of California, secured by real property, monthly payments deferred	3% deferred	12/19/2026	0	117,081
State of California, secured by real property, monthly payments deferred	3% deferred	9/4/2020	0	87,439
State of California, secured by real property, monthly payments deferred	3% deferred	8/21/2022	0	105,968
County of Santa Clara, secured by real property, monthly payments deferred	3.5% deferred	5/3/2016	33,450	33,450
City of Morgan Hill secured by real property, monthly payments deferred	None	None	0	119,812
			<u>\$ 66,553</u>	<u>\$1,028,853</u>

The three State of California loans include underlying indebtedness to the department of Housing and Urban Development and contain self-forgiving provisions, contingent upon use restrictions, that commenced in the year 2001, as well as provisions for the waiver of accrued interest payable. Agency management is presently working with the State of California to determine the procedures required to receive the interest accrual waiver, which totaled \$9,315 annually during the years ended June 30, 2019 and June 30, 2018. During the year ended June 30, 2019 a total of \$39,460 was paid down against the cumulative accrued interest payable. As of June 30, 2019, the cumulative accrued interest payable under these loans of \$142,751 is presented as a long-term liability, less a current provision for the County of Santa Clara loan that matured May 2016.

The Agency also had a note payable totaling \$100,000 due to the County of Santa Clara that was forgiven during the year ended June 30, 2018. In addition, the Agency has in place a line of credit of \$1,500,000 at an interest rate of 6.75% maturing March 2020. Terms of this facility require the Agency to maintain certain financial measurements and conditions for usage. As of June 30, 2019, the Agency did not meet all required measurements and conditions. This facility is secured by the Agency's personal property, and as of June 30, 2019 had no amount outstanding.

The existing schedule for the retirement of long-term debt is as follows:

Year ending June 30, 2020	\$ 66,553
Year ending June 30, 2021	121,586
Year ending June 30, 2022	37,289
Year ending June 30, 2023	145,610
Year ending June 30, 2024	42,210
Thereafter	<u>615,605</u>
	<u>\$1,028,853</u>

**COMMUNITY SOLUTIONS  
FOR CHILDREN, FAMILIES AND INDIVIDUALS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**6. FACILITY LEASE COMMITMENTS:**

The lease for the Agency's administration office continues to April 2021, and requires monthly rental payments of \$39,704 with annual cost of living adjustments. In addition, the Agency is committed under several other facility leases expiring through May 2024. Monthly rent commitments under these leases are \$85,423. Rent expense paid totaled \$900,370 and \$844,731 for the years ended June 30, 2019 and June 30, 2018, respectively. Existing future annual facility lease commitments are:

Year ending June 30, 2020	\$784,415
Year ending June 30, 2021	611,205
Year ending June 30, 2022	194,852
Year ending June 30, 2023	200,798
Year ending June 30, 2024	189,585

**7. EQUIPMENT LEASE COMMITMENTS:**

The Agency is obligated under eleven non-cancelable operating leases expiring September 2021 for the rental of certain office equipment. The minimum annual rental payments under these equipment leases are:

Year ending June 30, 2020	\$30,768
Year ending June 30, 2021	30,768
Year ending June 30, 2022	7,692

Total payments made under all equipment lease agreements were \$37,392 and \$37,392 for the years ended June 30, 2019 and June 30, 2018, respectively.

**8. RETIREMENT PLAN:**

The Agency has adopted a policy whereby it will match an employee's contributions to an individual tax deferred annuity account, up to 5% of the employee's gross salary. For the years ended June 30, 2019 and June 30, 2018, the Agency's contributions totaled \$307,549 and \$277,601, respectively.

**9. GRANTS PAYABLE, DEFERRED REVENUES AND COST REPORT SETTLEMENTS:**

The Agency has entered into an agreement with Santa Clara County to repay its prior year mental health cost reconciliation shortages at a rate of \$9,384 per month. No payments were made during the year ended June 30, 2019, with the remaining \$46,918 presented as a long-term grant payable. In addition, as of June 30, 2019 and June 30, 2018, the Agency has reserved \$2,139,252 and \$1,943,650, respectively, as deferred revenues pending cost report reconciliation with Santa Clara County.

**10. CONCENTRATIONS AND CONTINGENCIES:**

At times during the fiscal year, the Agency maintained cash balances in excess of insured levels at one financial institution. In addition, approximately 85% of the Agency's operating revenue base is derived from contracts and grants with various governmental departments of the County of Santa Clara. Approximately 75% of the Agency's employees are covered under membership in a collective bargaining agreement scheduled for renewal November 2019. The health care industry is subject to numerous laws and regulations of federal, state, and local governments. In addition, the Agency, during the normal course of operating its business, may be subject to various lawsuits, licensing reviews, and government audits. Management believes that losses resulting from these matters, if any, would either be covered under the Agency's insurance policy or immeasurable. Management further believes the losses, if any, would not have a material effect on the financial position of the Agency.

**COMMUNITY SOLUTIONS  
FOR CHILDREN, FAMILIES AND INDIVIDUALS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**11. LIQUIDITY AND AVAILABILITY:**

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Agency has a committed line of credit in the amount of \$1.5 million, which it could draw upon. The Agency's financial assets that are available within one year of June 30, 2019 and June 30, 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 144,116	\$ 1,441
Accounts receivable, net	27,725	28,126
Grants receivable, net	5,737,854	5,071,003
Pledges receivable	5,440	50,000
Investments	<u>224,690</u>	<u>225,604</u>
	<u>\$ 6,139,825</u>	<u>\$ 5,376,174</u>
Liquidity Resources		
Line of credit	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

**12. RESTRICTED NET ASSETS:**

As of June 30, 2019 and 2018, the Agency's donor restricted net assets consist of the following:

	<u>2019</u>	<u>2018</u>
Time restriction-		
Foundations and pledges	\$ 5,440	\$ 50,000
Use restrictions-		
Foundation – programs	-	-
Real property under HUD/HCD restrictions to year 2027	<u>58,690</u>	<u>75,635</u>
	<u>\$ 64,130</u>	<u>\$ 125,635</u>

In addition, the Agency's board of directors has designated that \$224,690 be earmarked for future opportunities. Board permission is required to access these funds.

**13. NET ASSETS RELEASED FROM RESTRICTIONS:**

Without donor restrictions net assets were (increased) decreased as a result of the following restriction releases and transfers during the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Time restriction-		
Foundations	\$ 50,000	\$ 50,000
Use restrictions-		
Foundation grants	-	-
Real property under regulatory restrictions	<u>16,945</u>	<u>23,052</u>
	<u>\$ 66,945</u>	<u>\$ 73,052</u>

**COMMUNITY SOLUTIONS  
FOR CHILDREN, FAMILIES AND INDIVIDUALS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**14. RECENT ACCOUNTING PRONOUNCEMENTS:**

The Agency has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *"Presentation of Financial Statements of Not-for-Profit Entities"*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and related notes. The main provisions of this guidance that have a significant effect on the Agency's financial statements include: presentation of two classes of net assets versus the previously required three, and reporting investment income net of external and direct internal investment expenses. Implementation of this guidance did not impact the valuation or classification of the Agency's net assets. In addition, FASB has issued Accounting Standards Update (ASU) No. 2016-02, *"Leases"*, which will be effective for the Agency's financial statements during the year ending June 30, 2021. The new standard amends much of the existing accounting guidance on leases, with a core principle of increasing transparency and comparability among organizations by recognizing lease assets and leases liabilities on the statement of position and disclosing key information about leasing arrangements. FASB has also issued ASU No. 2014-09, *"Revenue from Contracts with Customer"*, which will be effective for the Agency's financial statements during the year ended June 30, 2020. The new standard is intended to remove inconsistencies and weaknesses in revenue recognition and improve comparability across entities. Management has not determined the effect, if any, of implementing the two new standards.

**15. SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through September 12, 2019, the date on which the financial statements were available to be issued.



**COMMUNITY SOLUTIONS**  
for Children, Families, and Individuals  
**Schedule of Expenditures of Federal, State and Local Awards**  
**For the Year ended June 30, 2019**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Receipts/ Revenue Recognized	Disbursements/ Expenditures Incurred
<b>Major Programs</b>				
Department of Justice, passed through State of California OES, sexual assault services, Grant RC-17201043	16.575	\$ 193,233	\$ 43,466	\$ 43,466
Department of Justice, passed through Bay Area Legal Aid, support services, Grant XL-16011008	16.575	47,490	12,484	12,484
Department of Justice, passed through County of Santa Clara, domestic violence support, Grant XC-16010430	16.575	188,681	119,497	119,497
Department of Justice, passed through State of California OES, unserved/underserved victim advocacy, Grant XV-15011043	16.575	656,249	210,670	237,592
Department of Justice, passed through State of California OES, sexual assault services, La Isla, Grant DV-18101043	16.575	168,560	28,140	53,288
Department of Justice, passed through State of California OES, sexual assault services, La Isla, Grant DV-17091043	16.575	135,256	39,661	39,661
Department of Justice, passed through State of California OES, DV housing first, Grant KD-17011043	16.575	536,382	304,832	347,373
Department of Justice, passed through State of California OES, sexual assault services, Grant RC-18211043	16.575	233,985	141,179	150,844
Department of Justice, passed through State of California OES, sexual assault services, Grant RC-18321043	16.575	274,076	192,454	201,455
Department of Justice, passed through State of California OES, sexual assault services, Grant RC-17311043	16.575	226,664	61,281	61,281
subtotal	16.575	2,660,576	1,153,664	1,266,941
<b>Total Major Programs</b>		2,660,576	1,153,664	1,266,941
<b>Non Major Programs</b>				
Department of Health and Human Services, passed through State of California OES sexual assault services, La Isla, Grant DV-18101043	93.671	155,000	155,000	155,000
Department of Health and Human Services, passed through State of California OES sexual assault services, La Isla, Grant DV-17091043	93.671	145,000	45,399	45,399
Department of Health and Human Services, passed through California Department of Public Health, injury prevention and control, Grant 14-10654 and 18-10716	93.136	211,975	95,408	95,408
Department of Housing & Urban Development, passed through County of Santa Clara, community development block grant, Grant PS-19-04	14.218	23,436	23,436	23,436
Department of Housing & Urban Development, passed through City of Gilroy, community development block grant, Grant 18-259-2621-5202	14.218	12,500	12,500	12,500
FEMA, passed through United Way, emergency food and shelter, phase 35	97.024	9,886	9,886	9,886
<b>Total Non Major Programs</b>		557,797	341,629	341,629
<b>Total federal financial assistance</b>		3,218,373	1,495,293	1,608,570
<b>State and local assistance</b>				
City of Gilroy, CAL GRIP, Project "ONE", Grant 11016760		148,000	148,000	148,000
City of San Jose, passed through YWCA, OVW		4,774	4,774	4,774
County of San Benito, CSEC		69,872	69,872	69,872
County of San Benito, passed through YWCA, Grant SBC-DVSP-YWCA-FY119		97,000	90,576	90,576
County of Santa Clara, mental health, DMH Short Doyle, Grant 4300015361	2,189,780	2,104,803	2,104,803	2,104,803
County of Santa Clara, mental health, DMH Short Doyle Adult, Grant 4300015347	2,470,356	2,281,143	2,281,143	2,281,143
County of Santa Clara, mental health, DMH Short Doyle First 5, Grant 4300015362	1,688,509	1,663,024	1,663,024	1,663,024
County of Santa Clara, MHSA THU, El Invierno, Walnut & Kern, Grant 4300015357	378,283	357,080	357,080	357,080
County of Santa Clara, MHSA-CSS, Older Adult, Grant 4300015350	801,755	764,251	764,251	764,251
County of Santa Clara, MHSA-FSP AB109, public safety, Grant 4300015353	570,866	393,209	393,209	393,209
County of Santa Clara, MHSA-FSP AB109, adult expansion, Grant 4300015354	66,450	-	-	-
County of Santa Clara, MHSA-FSP AB109, Jail diversion, Grant 4300015367	1,868,239	1,868,239	1,868,239	1,868,239
County of Santa Clara, MHSA- FSP CDCR, Grant 4300015353	566,250	160,219	160,219	160,219
County of Santa Clara, MHSA- CSS F & C, Grant 4300015359	3,401,047	2,679,490	2,679,490	2,679,490
County of Santa Clara, MHSA- CSS Criminal Justice Aftercare, Grant 4300015356	713,129	67,371	67,371	67,371
County of Santa Clara, MHSA- CSS SHP, Grant 4300015368	1,803,020	1,239,143	1,239,143	1,239,143
County of Santa Clara, MHSA FSP child, Grant 4300015358	2,136,470	1,890,548	1,890,548	1,890,548
County of Santa Clara, MHSA FSP, adult criminal justice, Grant 4300015355	452,247	392,457	392,457	392,457
County of Santa Clara, MHSA FSP, criminal justice, Grant 4300015356	3,777,284	1,562,043	1,562,043	1,562,043
County of Santa Clara, MHSA FSP, JPD aftercare, Grant 4300015359	917,210	416,053	416,053	416,053
County of Santa Clara, MHSA FSP, Tay, Grant 4300015360	2,596,222	2,382,248	2,382,248	2,382,248
County of Santa Clara, MHSA PEI Child, Grant 4300015364	794,281	524,183	524,183	524,183
County of Santa Clara, MHSA PEI School Link, Grant 4300015363	681,122	681,122	681,122	681,122
County of Santa Clara, MHSA - CSS Adult Redesign, Grant 4300015351	2,351,608	2,290,978	2,290,978	2,290,978
County of Santa Clara, MHSA FSP Adult, Grant 4300015348	788,470	772,286	772,286	772,286
County of Santa Clara, MHSA FSP Older Adult, Grant 4300015349	221,621	180,590	180,590	180,590
County of Santa Clara, Interns, Grant 4400007554	11,837	11,837	11,837	11,837
County of Santa Clara, CSEC, Grant 43000012414	453,650	474,889	474,889	474,889
County of Santa Clara, passed through City of San Jose, HT coalition, Grant 126-04-10-075	50,000	49,999	49,999	49,999
County of Santa Clara, passed through City of San Jose, HT coalition, general	46,893	46,893	46,893	46,893
County of Santa Clara, passed through Sacred Heart Community Services, homeless prevention	150,000	37,653	37,653	37,653
County of Santa Clara, Office of Supportive Housing, El Jardin Pacifica	968,542	98,643	98,643	98,643
County of Santa Clara, STOP, Grant 4300010352	45,000	16,530	16,530	16,530
County of Santa Clara, DV, Grant TF-0231	54,830	52,951	52,951	52,951
County of Santa Clara, Regional Anti Trafficking, Grant 4300014806	300,000	188,521	188,521	188,521
County of Santa Clara, Probationers Fees, TF 0378	13,572	13,572	13,572	13,572
County of Santa Clara, Measure A La Isla	6,424	6,424	6,424	6,424
County of Santa Clara, DV Stopgap, Grant 4300012083	73,428	73,428	73,428	73,428
County of Santa Clara, rapid rehousing PEI services	1,525,145	95,186	95,186	95,186
County of Santa Clara, passed through Santa Clara University, trafficking, Grant SCC016	255,579	255,579	255,579	255,579
County of Santa Clara, passed through Santa Clara University, trafficking, OVCDOJ006	156,125	3,508	3,508	3,508
County of Santa Clara, family reunification and well being, Grant 4300012952	165,000	12,873	12,873	12,873
County of Santa Clara, prosocial activities program	50,000	17,826	17,826	17,826
County of Santa Clara, substance use treatment services	30,975	22,243	22,243	22,243
State of California, OES, shelter, Grant DV-18101043	282,723	243,656	243,656	243,656
State of California, OES, shelter, Grant DV-17091043	203,126	74,765	74,765	74,765
State of California, OES, human trafficking assistance, Grant HV-16011043	1,000,000	579,223	579,223	579,223
State of California, OES, human trafficking assistance, Grant HV-18011043	476,191	73,114	73,114	73,114
State of California, OES, family justice center, Grant FJ-18011043	356,098	42,435	42,435	42,435
State of California, OES, passed through YWCA, family justice center, Grant 2018-WE-AX002	291,916	10,736	10,736	10,736
State of California, OES, sexual assault services, Grant RC-18321043	55,933	55,933	55,933	55,933
State of California, OES, sexual assault services, Grant RC-17311043	20,805	3,508	3,508	3,508
State of California, OES, sexual assault services, Grant RC-18211043	47,751	47,751	47,751	47,751
State of California, OES, sexual assault services, Grant RC-17201043	18,037	1,596	1,596	1,596
<b>Total state &amp; local government assistance</b>		38,663,445	27,594,974	27,594,974
<b>GRAND TOTALS</b>		\$ 41,881,818	\$ 29,090,267	\$ 29,203,544

See Accompanying Notes to the Financial Statements

**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***

To the Board of Directors of  
Community Solutions for Children, Families and Individuals  
Gilroy, 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 Community Solutions for Children, Families and Individuals, which comprise the statement of financial position as of June 30, 2019, the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Community Solutions for Children, Families and Individuals' 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 Community Solutions for Children, Families and Individuals' internal control. Accordingly, we do not express an opinion on the effectiveness of Community Solutions for Children, Families and Individuals' 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 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 earlier in this paragraph 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 Community Solutions for Children, Families and Individuals' 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 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



September 12, 2019

16360 Monterey Rd., Suite 170 • Morgan Hill, CA 95037 • Tel: (408) 779-3313 • Fax: (408) 776-1555  
**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
Community Solutions for Children, Families and Individuals  
Gilroy, California

**Report on Compliance for Each Major Federal Program**

We have audited Community Solutions for Children, Families and Individuals' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Solutions for Children, Families and Individuals' major federal programs for the year ended June 30, 2019. Community Solutions for Children, Families and Individuals' 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Community Solutions for Children, Families and Individuals' 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 Community Solutions for Children, Families and Individuals' 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 Community Solutions for Children, Families and Individuals' compliance.

**Opinion on Each Major Federal Program**

In our opinion, Community Solutions for Children, Families and Individuals 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, 2019.

**Report on Internal Control over Compliance**

Management of Community Solutions for Children, Families and Individuals 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 Community Solutions for Children, Families and Individuals' 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 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 Community Solutions for Children, Families and Individuals' 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.

**Purpose of this Report**

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.



September 12, 2019

COMMUNITY SOLUTIONS FOR CHILDREN, FAMILIES AND INDIVIDUALS  
SUPPLEMENTARY INFORMATION REQUIRED BY CALIFORNIA OFFICE OF EMERGENCY SERVICES  
JUNE 30, 2019

PROJECT TITLE RAPE CRISIS RECOVERY ACT PROGRAM (SANTA CLARA COUNTY)  
GRANT AWARD NUMBER RC 18321043  
GRANT PERIOD OCTOBER 1, 2018 THROUGH SEPTEMBER 30, 2019  
AUDIT PERIOD OCTOBER 1, 2018 THROUGH JUNE 30, 2019

		EXPENDITURES BY REVENUE SOURCE				
	BUDGET	FEDERAL VOCA	FEDERAL VAWA	STATE	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 286,517	\$ 139,270	\$ -	\$ 45,069	\$ 9,001	\$ 193,340
OPERATING EXPENSES	64,048	53,184	-	10,864	-	64,048
TOTALS	<u>\$ 350,565</u>	<u>\$ 192,454</u>	<u>\$ -</u>	<u>\$ 55,933</u>	<u>\$ 9,001</u>	<u>\$ 257,388</u>

PROJECT TITLE RAPE CRISIS RECOVERY ACT PROGRAM (SANTA CLARA COUNTY)  
GRANT AWARD NUMBER RC 17311043  
GRANT PERIOD OCTOBER 1, 2017 THROUGH SEPTEMBER 30, 2018  
AUDIT PERIOD JULY 1, 2018 THROUGH SEPTEMBER 30, 2018

		EXPENDITURES BY REVENUE SOURCE				
	BUDGET	FEDERAL VOCA	FEDERAL VAWA	STATE	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 207,598	\$ 57,905	\$ -	\$ -	\$ -	\$ 57,905
OPERATING EXPENSES	56,871	3,376	-	3,508	-	6,884
TOTALS	<u>\$ 264,469</u>	<u>\$ 61,281</u>	<u>\$ -</u>	<u>\$ 3,508</u>	<u>\$ -</u>	<u>\$ 64,789</u>

PROJECT TITLE LA ISLA PACIFICA DOMESTIC VIOLENCE SHELTER AND SERVICE  
GRANT AWARD NUMBER DV 18101043  
GRANT PERIOD OCTOBER 1, 2018 THROUGH SEPTEMBER 30, 2019  
AUDIT PERIOD OCTOBER 1, 2018 THROUGH JUNE 30, 2019

		EXPENDITURES BY REVENUE SOURCE						
	BUDGET	FEDERAL FVPS	FEDERAL VOCA	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES	
PERSONAL SERVICES	\$ 428,422	\$ 103,713	\$ -	\$ 197,117	\$ -	\$ 19,148	\$ 319,978	
OPERATING EXPENSES	190,974	47,470	21,097	46,539	6,000	\$ -	121,106	
EQUIPMENT	14,928	3,817	7,043	-	-	-	10,860	
TOTALS	<u>\$ 634,324</u>	<u>\$ 155,000</u>	<u>\$ 28,140</u>	<u>\$ 243,656</u>	<u>\$ 6,000</u>	<u>\$ 19,148</u>	<u>\$ 451,944</u>	

PROJECT TITLE LA ISLA PACIFICA DOMESTIC VIOLENCE SHELTER AND SERVICE  
GRANT AWARD NUMBER DV 17091043  
GRANT PERIOD JULY 1, 2017 THROUGH SEPTEMBER 30, 2018  
AUDIT PERIOD JULY 1, 2018 THROUGH SEPTEMBER 30, 2018

		EXPENDITURES BY REVENUE SOURCE						
	BUDGET	FEDERAL FVPS	FEDERAL VOCA	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES	
PERSONAL SERVICES	\$ 438,273	\$ 45,399	\$ 39,661	\$ -	\$ -	\$ -	\$ 85,060	
OPERATING EXPENSES	65,307	-	-	74,765	-	\$ -	74,765	
EQUIPMENT	-	-	-	-	-	-	-	
TOTALS	<u>\$ 503,580</u>	<u>\$ 45,399</u>	<u>\$ 39,661</u>	<u>\$ 74,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,825</u>	

PROJECT TITLE FAMILY JUSTICE CENTER PROGRAM  
GRANT AWARD NUMBER FJ 18011043  
GRANT PERIOD JANUARY 1, 2019 THROUGH DECEMBER 31, 2020  
AUDIT PERIOD JANUARY 1, 2019 THROUGH JUNE 30, 2019

		EXPENDITURES BY REVENUE SOURCE				
	BUDGET	FEDERAL VOCA	FEDERAL VAWA	STATE FJCO	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 72,671	\$ -	\$ -	\$ 23,406	\$ -	\$ 23,406
OPERATING EXPENSES	283,427	-	-	19,029	-	19,029
TOTALS	<u>\$ 356,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,435</u>	<u>\$ -</u>	<u>\$ 42,435</u>

PROJECT TITLE RAPE CRISIS RECOVERY ACT PROGRAM (SAN BENITO COUNTY)  
GRANT AWARD NUMBER RC 18211043  
GRANT PERIOD OCTOBER 1, 2018 THROUGH SEPTEMBER 30, 2019  
AUDIT PERIOD OCTOBER 1, 2018 THROUGH JUNE 30, 2019

		EXPENDITURES BY REVENUE SOURCE				
	BUDGET	FEDERAL VOCA	FEDERAL VAWA	STATE	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 244,458	\$ 110,055	\$ -	\$ 38,456	\$ 9,665	\$ 158,176
OPERATING EXPENSES	54,827	31,124	-	9,295	-	40,419
TOTALS	<u>\$ 299,285</u>	<u>\$ 141,179</u>	<u>\$ -</u>	<u>\$ 47,751</u>	<u>\$ 9,665</u>	<u>\$ 198,595</u>

PROJECT TITLE RAPE CRISIS RECOVERY ACT PROGRAM (SAN BENITO COUNTY)  
GRANT AWARD NUMBER RC 17201043  
GRANT PERIOD SEPTEMBER 1, 2017 THROUGH SEPTEMBER 30, 2018  
AUDIT PERIOD JULY 1, 2018 THROUGH SEPTEMBER 30, 2018

		EXPENDITURES BY REVENUE SOURCE				
	BUDGET	FEDERAL VOCA	FEDERAL VAWA	STATE	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 188,702	\$ 31,397	\$ -	\$ 1,596	\$ -	\$ 32,993
OPERATING EXPENSES	37,060	12,069	-	-	-	12,069
TOTALS	<u>\$ 225,762</u>	<u>\$ 43,466</u>	<u>\$ -</u>	<u>\$ 1,596</u>	<u>\$ -</u>	<u>\$ 45,062</u>

COMMUNITY SOLUTIONS FOR CHILDREN, FAMILIES AND INDIVIDUALS  
SUPPLEMENTARY INFORMATION REQUIRED BY CALIFORNIA OFFICE OF EMERGENCY SERVICES  
JUNE 30, 2019

PROJECT TITLE                    UNSERVED/UNDERSERVED VICTIM ADVOCACY  
GRANT AWARD NUMBER        XV 15011043  
GRANT PERIOD                 APRIL 1, 2016 THROUGH DECEMBER 31, 2019  
AUDIT PERIOD                 JULY 1, 2018 THROUGH JUNE 30, 2019

		EXPENDITURES BY REVENUE SOURCE				
	BUDGET	FEDERAL VOCA	FEDERAL VAWA	STATE	CASH MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 401,525	\$ 109,054	\$ -	\$ -	\$ 14,012	\$ 123,066
OPERATING EXPENSES	418,786	101,616	-	-	12,910	114,526
TOTALS	<u>\$ 820,311</u>	<u>\$ 210,670</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,922</u>	<u>\$ 237,592</u>

PROJECT TITLE                    LEGAL SERVICES (PASSED THROUGH BAY AREA LEGAL AID)  
GRANT AWARD NUMBER        XL 16011008  
GRANT PERIOD                 JULY 1, 2016 THROUGH AUGUST 31, 2019  
AUDIT PERIOD                 JULY 1, 2018 THROUGH JUNE 30, 2019

		EXPENDITURES BY REVENUE SOURCE				
	BUDGET	FEDERAL VOCA	FEDERAL VAWA	STATE	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 28,325	\$ 10,078	\$ -	\$ -	\$ -	\$ 10,078
OPERATING EXPENSES	19,165	2,406	-	-	-	2,406
TOTALS	<u>\$ 47,490</u>	<u>\$ 12,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,484</u>

PROJECT TITLE                    HUMAN TRAFFICKING ASSISTANCE PROGRAM  
GRANT AWARD NUMBER        HV 16011043  
GRANT PERIOD                 APRIL 1, 2017 THROUGH MARCH 31, 2019  
AUDIT PERIOD                 JULY 1, 2018 THROUGH MARCH 31, 2019

		EXPENDITURES BY REVENUE SOURCE					
	BUDGET	FEDERAL VOCA	FEDERAL VAWA	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 299,979	\$ -	\$ -	\$ 164,126	\$ -	\$ -	\$ 164,126
OPERATING EXPENSES	700,021	-	-	415,097	-	-	415,097
EQUIPMENT	-	-	-	-	-	-	-
TOTALS	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 579,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 579,223</u>

PROJECT TITLE                    HUMAN TRAFFICKING ASSISTANCE PROGRAM  
GRANT AWARD NUMBER        HV 18011043  
GRANT PERIOD                 APRIL 1, 2019 THROUGH MARCH 31, 2020  
AUDIT PERIOD                 APRIL 1, 2019 THROUGH JUNE 30, 2019

		EXPENDITURES BY REVENUE SOURCE					
	BUDGET	FEDERAL VOCA	FEDERAL VAWA	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 201,214	\$ -	\$ -	\$ 21,788	\$ -	\$ -	\$ 21,788
OPERATING EXPENSES	274,977	-	-	51,326	-	-	51,326
EQUIPMENT	-	-	-	-	-	-	-
TOTALS	<u>\$ 476,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,114</u>

PROJECT TITLE                    DOMESTIC VIOLENCE SUPPORT (PASSED THROUGH COUNTY OF SANTA CLARA)  
GRANT AWARD NUMBER        XC 16010430  
GRANT PERIOD                 JULY 1, 2016 THROUGH DECEMBER 31, 2019  
AUDIT PERIOD                 JULY 1, 2018 THROUGH JUNE 30, 2019

		EXPENDITURES BY REVENUE SOURCE					
	BUDGET	FEDERAL VOCA	FEDERAL VAWA	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 171,528	\$ 108,634	\$ -	\$ -	\$ -	\$ -	\$ 108,634
OPERATING EXPENSES	17,153	10,863	-	-	-	-	10,863
TOTALS	<u>\$ 188,681</u>	<u>\$ 119,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,497</u>

PROJECT TITLE                    DV HOUSING FIRST  
GRANT AWARD NUMBER        KD 17011043  
GRANT PERIOD                 OCTOBER 1, 2017 THROUGH DECEMBER 31, 2019  
AUDIT PERIOD                 JULY 1, 2018 THROUGH JUNE 30, 2019

		EXPENDITURES BY REVENUE SOURCE					
	BUDGET	FEDERAL VOCA	FEDERAL VAWA	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 310,838	\$ 142,975	\$ -	\$ -	\$ -	\$ 36,887	\$ 179,862
OPERATING EXPENSES	307,492	161,857	-	-	-	5,654	167,511
TOTALS	<u>\$ 618,330</u>	<u>\$ 304,832</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,541</u>	<u>\$ 347,373</u>

**COMMUNITY SOLUTIONS FOR CHILDREN, FAMILY and INDIVIDUALS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2019**

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Community Solutions for Children, Families and Individuals were prepared in accordance with GAAP.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Community Solutions for Children, Families and Individuals were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal awards programs for Community Solutions for Children, Families and Individuals expresses an unmodified opinion on all major federal programs. The agency has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. Expenditures reported on the Schedule of Federal and local Awards have been reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
6. There were no audit findings relating to major programs that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was Victims of Crime Act, CFDA 16.575.
8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Community Solutions for Children, Families and Individuals qualified as a low risk auditee.

**B. Findings and Questioned Costs from Prior Audit**

None noted on prior audit.