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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022 and June 30, 2021, 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, 2022, and the related notes to the financial statements. In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Solutions as of June 30, 2022 and June 30, 2021, the changes in its cash flows for the fiscal years then ended, and the changes in its net assets for the fiscal year ended June 30, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Solutions and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Solutions' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Solutions' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Solutions' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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, for the year ended June 30, 2022, 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, 2022, as required by OES, are presented for purposes of additional analysis and is 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 schedule of expenditures of federal, state, and local awards 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 23, 2022 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 the effectiveness of Community Solutions' 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, 2021 financial statements, and our report dated September 24, 2021, 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nichols, Rick & Co.

September 23, 2022

COMMUNITY SOLUTIONS
for Children, Families, and Individuals
Statements of Financial Position
As of June 30, 2022 and June 30, 2021

	2022	2021
<u>ASSETS</u>		
Assets:		
Cash	\$ 632,751	\$ 2,590,595
Accounts receivable, net	103,310	94,412
Grants receivable, net	4,988,394	4,663,352
Investments	254,949	291,740
Prepaid expenses	181,633	96,288
Total current assets	<u>6,161,037</u>	<u>7,736,387</u>
 Fixed assets, net	 1,161,184	 1,229,307
 Deposits	 <u>117,246</u>	 <u>102,246</u>
TOTAL ASSETS	<u><u>\$ 7,439,467</u></u>	<u><u>\$ 9,067,940</u></u>
 <u>LIABILITIES & NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 884,624	\$ 753,975
Accrued salaries & vacation	1,811,122	2,547,690
Other current liabilities	225,577	147,343
Accrued interest payable	38,601	29,561
Deferred revenue	1,937,524	2,179,066
Line of credit	-	-
Notes payable, current portion	151,491	71,639
Total current liabilities	<u>5,048,939</u>	<u>5,729,274</u>
 Accrued interest payable	 89,684	 90,861
Notes payable	651,844	1,985,510
Total long term liabilities	<u>741,528</u>	<u>2,076,371</u>
Total liabilities	<u>5,790,467</u>	<u>7,805,645</u>
 Net assets		
Without donor restrictions	1,356,277	914,418
Without donor restrictions-board designated	254,949	291,740
With donor restrictions	37,774	56,137
Total net assets	<u>1,649,000</u>	<u>1,262,295</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 7,439,467</u></u>	<u><u>\$ 9,067,940</u></u>

COMMUNITY SOLUTIONS
for Children, Families, and Individuals
Statement of Activities
For the Year ended June 30, 2022
with summarized financial information for the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	June 30, 2022 Totals	Comparative Summary Totals for the Year ended June 30, 2021
SUPPORT & REVENUE				
Support received directly				
Contributions	\$ 385,384	\$ 0	\$ 385,384	\$ 448,485
Contributions, in-kind	21,744		21,744	33,266
Special events, less expenses of \$45,280 and \$27,241	11,700		11,700	103,321
Forgiveness of indebtedness	1,214,876		1,214,876	3,000,800
Foundations and grants	240,000		240,000	405,212
Support received indirectly				
United Way	124		124	101
Total support	1,873,828	-	1,873,828	3,991,185
Revenue				
Government grants and fees	37,119,026		37,119,026	34,337,250
Investment income	(28,449)		(28,449)	78,476
Program rents received	318,997		318,997	344,896
Other income	39,106		39,106	22,791
Fees for services	193,290		193,290	466,325
Total revenue	37,641,970	-	37,641,970	35,249,738
Net assets released from restrictions	18,363	(18,363)	-	-
TOTAL SUPPORT & REVENUE	39,534,161	(18,363)	39,515,798	39,240,923
EXPENSES				
Program Services				
Behavioral Health Care	26,592,107		26,592,107	26,987,266
Prevention and Education	421,093		421,093	679,911
Solutions to Violence	7,405,087		7,405,087	7,453,672
Total Program Services	34,418,287	-	34,418,287	35,120,849
Support Services				
Management and General	4,341,528		4,341,528	3,444,886
Fund Development	369,278		369,278	522,554
Total Support Services	4,710,806	-	4,710,806	3,967,440
TOTAL EXPENSES	39,129,093	-	39,129,093	39,088,289
Change in net assets from operations	405,068	(18,363)	386,705	152,634
Net assets at beginning of year	1,206,158	56,137	1,262,295	1,109,661
Net assets at end of year	\$ 1,611,226	\$ 37,774	\$ 1,649,000	\$ 1,262,295

COMMUNITY SOLUTIONS
for Children, Families, and Individuals
Statement of Functional Expenses
For the Year ended June 30, 2022
with summarized financial information for the year ended June 30, 2021

	PROGRAM SERVICES			June 30, 2022	Comparative Summary Totals for the Year ended June 30, 2021
	<u>Behavioral Health Care</u>	<u>Prevention and Education</u>	<u>Solutions to Violence</u>	<u>Totals</u>	
Salaries	\$ 15,318,784	\$ 257,417	\$ 3,257,471	\$ 18,833,672	\$ 19,617,645
Payroll taxes & employee benefits	<u>4,000,606</u>	<u>90,795</u>	<u>998,561</u>	<u>5,089,962</u>	<u>5,439,003</u>
Total salaries & related expenses	19,319,390	348,212	4,256,032	23,923,634	25,056,648
Professional fees	1,616,776	5,247	1,090,717	2,712,740	3,566,389
Supplies	230,791	4,136	91,477	326,404	406,394
Telephone	216,277	8,882	59,130	284,289	242,398
Postage & shipping	4,808	94	392	5,294	3,550
Occupancy	862,548	22,548	250,964	1,136,060	1,204,036
Insurance	95,989	2,619	21,846	120,454	154,868
Utilities	183,738	11,470	29,652	224,860	229,391
Interest	26,221	3,179	1,171	30,571	34,395
Equipment maintenance & rental	313,421	3,113	45,025	361,559	206,388
Printing & publications	2,776	67	31,284	34,127	26,288
Travel	324,616	2,342	54,988	381,946	284,459
Conferences, conventions & meetings	85,502	1,616	48,035	135,153	128,190
Specific assistance to individuals	2,968,764	96	1,393,716	4,362,576	3,211,519
Dues & subscriptions	186,747	710	17,141	204,598	140,971
Licensing fees & taxes	23,328	(1,014)	4,364	26,678	67,814
Bad debt	18,242		3	18,245	6,334
Miscellaneous	<u>9,655</u>	<u>147</u>	<u>5,201</u>	<u>15,003</u>	<u>36,099</u>
Total expenses before depreciation & amortization	26,489,589	413,464	7,401,138	34,304,191	35,006,131
Depreciation & amortization	<u>102,518</u>	<u>7,629</u>	<u>3,949</u>	<u>114,096</u>	<u>114,718</u>
TOTAL EXPENSES	<u>\$ 26,592,107</u>	<u>\$ 421,093</u>	<u>\$ 7,405,087</u>	<u>\$ 34,418,287</u>	<u>\$ 35,120,849</u>

COMMUNITY SOLUTIONS
for Children, Families, and Individuals
Statement of Functional Expenses
For the Year ended June 30, 2022
with summarized financial information for the year ended June 30, 2021

	TOTAL PROGRAM SERVICES	MANAGEMENT & SUPPORT SERVICES			June 30, 2022 PROGRAM & SUPPORT SERVICES TOTALS	Comparative Summary Totals for the Year ended June 30, 2021
		Management & General	Fund Development	Total Mgmt. & Sup. Svcs		
Salaries	\$ 18,833,672	\$ 2,198,957	\$ 206,026	\$ 2,404,983	\$ 21,238,655	\$ 22,024,384
Payroll taxes & employee benefits	5,089,962	689,629	72,258	761,887	5,851,849	6,039,222
Total salaries & related expenses	23,923,634	2,888,586	278,284	3,166,870	27,090,504	28,063,606
Professional fees	2,712,740	1,043,859	34,245	1,078,104	3,790,844	4,212,535
Supplies	326,404	34,862	6,184	41,046	367,450	431,980
Telephone	284,289	30,832	3,634	34,466	318,755	263,734
Postage & shipping	5,294	4,403	4,181	8,584	13,878	11,096
Occupancy	1,136,060	155,415	14,373	169,788	1,305,848	1,317,248
Insurance	120,454	14,542	1,787	16,329	136,783	169,769
Utilities	224,860	16,831	1,434	18,265	243,125	242,169
Interest	30,571	3,979	-	3,979	34,550	39,596
Equipment maintenance & rental	361,559	35,200	1,421	36,621	398,180	218,830
Printing & publications	34,127	18,069	7,796	25,865	59,992	48,317
Travel	381,946	26,950	114	27,064	409,010	307,353
Conferences, conventions & meetings	135,153	32,605	9,516	42,121	177,274	152,043
Specific assistance to individuals	4,362,576	-	-	-	4,362,576	3,211,519
Dues & subscriptions	204,598	22,285	2,727	25,012	229,610	151,890
Licensing fees & taxes	26,678	8,218	3,282	11,500	38,178	77,620
Bad debt	18,245	-	-	-	18,245	6,334
Miscellaneous	15,003	2,630	89	2,719	17,722	46,082
Total expenses before depreciation & amortization	34,304,191	4,339,266	369,067	4,708,333	39,012,524	38,971,721
Depreciation & amortization	114,096	2,262	211	2,473	116,569	116,568
TOTAL EXPENSES	\$ 34,418,287	\$ 4,341,528	\$ 369,278	\$ 4,710,806	\$ 39,129,093	\$ 39,088,289

COMMUNITY SOLUTIONS
for Children, Families, and Individuals
Statements of Cash Flows
For the Years ended June 30, 2022 and June 30, 2021

	2022	2021
Cash flows from operating activities:		
Increase (decrease) in net assets from operations	\$ 386,705	\$ 152,634
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	116,569	116,568
Forgiveness of debt included in support	(1,214,876)	(3,000,800)
Investment management fees deducted	5,522	4,441
Reinvestment of earnings from investments	(40,477)	(10,391)
Unrealized (gain) loss on investments	71,746	(60,909)
Changes in assets & liabilities:		
Decrease (increase) in accounts and grants receivable	(333,940)	2,755,360
Decrease (increase) in deposits and prepaid expenses	(100,345)	26,990
Increase (decrease) in payables and accrued liabilities	(761,364)	(35,823)
Net cash (used) provided by operating activities	<u>(1,870,460)</u>	<u>(51,930)</u>
Cash flows from investing activities		
Acquisition of fixed assets	<u>(48,446)</u>	<u> </u>
Net cash provided (used) by investing activities	<u>(48,446)</u>	<u> </u>
Cash flows from financing activities		
Proceeds from long term borrowing		
Repayments of long-term debt	<u>(38,938)</u>	<u>(75,020)</u>
Net cash provided (used) by financing activities	<u>(38,938)</u>	<u>(75,020)</u>
Net (decrease) increase in cash	<u>(1,957,844)</u>	<u>(126,950)</u>
Cash, beginning of year	2,590,595	2,717,545
Cash, end of year	<u><u>\$ 632,751</u></u>	<u><u>\$ 2,590,595</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for:		
Interest	\$ 26,687	\$ 31,196
Income taxes	\$ 0	\$ 0
Supplemental noncash disclosures:		
Cost basis of assets disposed	\$ 0	\$ 0
Assets acquired via financing	\$ 0	\$ 0

**COMMUNITY SOLUTIONS
FOR CHILDREN, FAMILIES AND INDIVIDUALS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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 five 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:

- Prevention & intervention services for at-risk youth
- 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, 2022**

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, 2022, and June 30, 2021, 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, 2022 and June 30, 2021 are several restricted certificates of deposit totaling \$100,564 and \$120,924, 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 for private program service fees and contract billings as of June 30, 2022 and June 30, 2021, respectively. Bad debt expense charged to operations during the years ended June 30, 2022 and June 30, 2021 totaled \$18,245 and \$6,334, 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, 2019 through June 30, 2022 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, 2022**

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, 2022 and June 30, 2021, the cost and related accumulated depreciation for such assets is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 475,395	\$ 475,395
Buildings	1,304,057	1,304,057
Vehicles	130,365	81,919
Lease improvements	366,716	366,716
Furniture, equipment & fees	<u>13,822</u>	<u>13,822</u>
	2,290,355	2,241,909
less:		
Accumulated depreciation	<u>1,129,171</u>	<u>1,012,602</u>
	<u>\$ 1,161,184</u>	<u>\$ 1,229,307</u>

Depreciation and amortization expense charged for the years ended June 30, 2021 and June 30, 2020 was \$116,569 and \$116,568, respectively. In addition, for the years ended June 30, 2022 and June 31, 2020, \$108,141 and \$138,343, 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, 2022 and June 30, 2021.

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, 2021, 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 \$21,744 and \$33,266 were contributed by specially trained relief workers involved in the rape crisis program during the years ended June 30, 2022 and June 30, 2021, respectively.

**COMMUNITY SOLUTIONS
FOR CHILDREN, FAMILIES AND INDIVIDUALS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022 and 2021. The investments are not insured.

	<u>2022</u>	<u>2021</u>
SV Community Foundation pooled investment fund	<u>\$ 254,949</u>	<u>\$ 291,740</u>

The fair market value of these investments reflects an unrealized gain (loss) of (\$71,746) and \$60,909 as of June 30, 2022 and 2021. Investment returns are shown net of management fees. Components of investment income are as follows for the year ended:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$10,332	\$ 12,622
Realized gains and losses	38,487	9,386
Unrealized gains and losses	(71,746)	60,909
Management fees charged	(5,522)	(4,441)
	<u>(\$28,449)</u>	<u>\$ 78,476</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Behavioral Health	\$3,128,865	\$3,424,482
CAL OES/Human Trafficking	819,245	874,767
Block Grants	106,983	72,175
Social Services	832,975	286,475
Other Grants	<u>251,706</u>	<u>156,833</u>
Grants receivable	5,139,774	4,814,732
Program and other fees receivable	103,310	94,412
Less: allowance for doubtful accounts	<u>(151,380)</u>	<u>(151,380)</u>
Total	<u>\$5,091,704</u>	<u>\$4,757,764</u>

**COMMUNITY SOLUTIONS
FOR CHILDREN, FAMILIES AND INDIVIDUALS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

5. LONG-TERM DEBT:

Long-term debt at June 30, 2022, 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	\$ 18,000	\$ 108,028
Pinnacle Bank, secured by real property, monthly payments of \$2,038	5.25%	7/21/2028	8,100	307,763
Ally Financial, secured by personal property, monthly payments \$653	8.34%	10/1/2024	6,796	16,395
Ally Financial, secured by personal property, monthly payments \$789	9.19%	5/1/2025	7,646	23,307
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	8/21/2022	77,499	77,499
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>\$ 151,491</u>	<u>\$ 803,335</u>

The two 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. During the year ended June 30, 2021 a total of \$41,049 was paid down or forgiven against the cumulative accrued interest payable. As of June 30, 2022, the cumulative accrued interest payable under these loans is \$128,285, including a current provision for the County of Santa Clara loan that matured May 2016. The Small Business Administration PPP loan contained provisions that allowed for partial, or full, forgiveness of the outstanding principal assuming certain conditions were met by the Agency no later than October 2020. The entire remaining balance of \$1,214,876 was forgiven in August 2021.

In addition, the Agency has in place a line of credit of \$1,500,000 at an interest rate of 5.25% maturing December 2022. Terms of this facility require the Agency to maintain certain financial measurements and conditions for usage. As of June 30, 2022, Agency management believes all required measurements and conditions were met. This facility is secured by the Agency's personal property, and as of June 30, 2022 had no amount outstanding. The existing schedule for the retirement of long-term debt, without regard to additional provisions of forgiveness, is as follows:

Year ending June 30, 2023	\$ 151,491
Year ending June 30, 2024	42,710
Year ending June 30, 2025	37,250
Year ending June 30, 2026	28,700
Year ending June 30, 2027	231,481
Thereafter	<u>311,703</u>
	<u>\$ 803,335</u>

**COMMUNITY SOLUTIONS
FOR CHILDREN, FAMILIES AND INDIVIDUALS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

6. FACILITY LEASE COMMITMENTS:

The lease for the Agency's administration office expired in April 2022, and holdover rent requires monthly rental payments of \$43,385 while management negotiates a renewal with a term of one year or more. In addition, the Agency is committed under several other facility leases expiring through July 2025. Monthly rent commitments under these leases are \$94,263. Rent expense paid totaled \$1,092,999 and \$1,082,236 for the years ended June 30, 2022 and June 30, 2021, respectively. Existing future annual facility lease commitments, including a renewal of the administration office lease for one year are:

Year ending June 30, 2023	\$1,090,527
Year ending June 30, 2024	331,470
Year ending June 30, 2025	130,800
Year ending June 30, 2026	10,900

7. EQUIPMENT LEASE COMMITMENTS:

The Agency is obligated under seventeen non-cancelable operating leases expiring October 2025 for the rental of certain office equipment. The minimum annual rental payments under these equipment leases are:

Years ending June 30, 2023-2025	\$27,840
Year ending June 30, 2026	9,280

Total payments made under all equipment lease agreements were \$33,168 and \$54,563 for the years ended June 30, 2022 and June 30, 2021, 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, 2022 and June 30, 2021, the Agency's contributions totaled \$366,932 and \$356,892, respectively.

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

As of June 30, 2022 and June 30, 2021, the Agency has reserved \$1,751,215 and \$1,548,582, respectively, as deferred revenues pending cost report reconciliation with Santa Clara County.

10. CONCENTRATIONS, CONTINGENCIES and COVID 19:

At times during the fiscal year, the Agency maintained cash balances in excess of insured levels at one financial institution. In addition, approximately 80% of the Agency's operating revenue base is derived from contracts and grants with various governmental departments of the County of Santa Clara. Approximately 85% of the Agency's employees are covered under membership in a collective bargaining agreement scheduled for renewal November 2025. 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.

Beginning in January 2020, the world began to feel the effects of the novel coronavirus (COVID 19). These effects include time away from work, reduction in the work force, potential disruption in the food supply chain, and a significant fluctuation in the value of the Agency's investments. The long-term implications of this pandemic are presently unknown as related to Agency operations, although since the outset of the pandemic, the Agency has received additional public, foundation, and government funding to enable it to maintain operating at sustained levels.

**COMMUNITY SOLUTIONS
FOR CHILDREN, FAMILIES AND INDIVIDUALS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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 through December 2022, which it could draw upon. The Agency's financial assets that are available within one year of June 30, 2022 and June 30, 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 532,187	\$ 2,469,671
Accounts receivable, net	103,310	94,412
Grants receivable, net	4,988,394	4,663,352
Pledges receivable	-	-
Investments	<u>254,949</u>	<u>291,740</u>
	<u>\$ 5,878,840</u>	<u>\$ 7,519,175</u>
Liquidity Resources		
Line of credit	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

12. RESTRICTED NET ASSETS:

As of June 30, 2022 and 2021, the Agency's donor restricted net assets consist of the following:

	<u>2022</u>	<u>2021</u>
Time restriction-		
Foundations and pledges	\$ -	\$ -
Use restrictions-		
Foundation – programs	-	-
Real property under HUD/HCD restrictions to year 2027	<u>37,774</u>	<u>56,137</u>
	<u>\$ 37,774</u>	<u>\$ 56,137</u>

In addition, the Agency's board of directors has designated that \$254,949 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Time restriction-		
Foundations	\$ -	\$ -
Use restrictions-		
Foundation grants	-	-
Real property under regulatory restrictions	<u>18,363</u>	<u>12,809</u>
	<u>\$ 18,363</u>	<u>\$ 12,809</u>

**COMMUNITY SOLUTIONS
FOR CHILDREN, FAMILIES AND INDIVIDUALS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

14. RECENT ACCOUNTING PRONOUNCEMENTS:

In 2021, the Agency adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. ASU No. 2014-09, "*Revenue from Contracts with Customer*". The new standard is intended to remove inconsistencies and weaknesses in revenue recognition and improve comparability across entities. Implementation of this guidance did not impact the valuation or methodologies of the Agency's revenues. 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, 2023. 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 lease liabilities on the statement of position and disclosing key information about leasing arrangements. Management has not determined the effect, if any, of implementing the new standard.

15. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through September 23, 2022, 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, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Receipts/ Revenue Recognized	Disbursements/ Expenditures Incurred	Payments to Subrecipients
<u>Major Programs</u>					
Department of Health and Human Services, provider relief act	93.498	\$ 1,104,541	\$ 1,104,541	\$ 1,104,541	
Department of Justice, passed through State of California OES, sexual assault services, Grant RC-21241043	16.575	107,276	55,320	55,320	
Department of Justice, passed through Bay Area Legal Aid, support services, Grant XL-16011008	16.575	18,000	9,207	9,207	
Department of Justice, passed through County of Santa Clara, domestic violence support, Grant XC-20030430, PO 4300016021	16.575	90,000	49,036	49,036	
Department of Justice, passed through State of California OES, unserved/underserved victim advocacy, Grant UV-20031043	16.575	182,444	84,643	84,643	\$ 15,000
Department of Justice, passed through State of California OES, unserved/underserved victim advocacy, Grant UV-21041043	16.575	117,859	45,622	45,622	15,000
Department of Justice, passed through State of California OES, sexual assault services, La Isla, Grant DV-20121043	16.575	582,856	78,241	78,241	41,075
Department of Justice, passed through State of California OES, DV housing first, Grant XD-20031043	16.575	570,640	248,328	248,328	
Department of Justice, passed through State of California OES, sexual assault services, Grant RC-20231043	16.575	241,315	65,777	65,777	
Department of Justice, passed through State of California OES, sexual assault services, Grant RC-21351043	16.575	148,740	79,235	79,235	
Department of Justice, passed through State of California OES, sexual assault services, Grant RC-20341043	16.575	282,662	84,596	84,596	
subtotal	16.575	2,341,792	800,005	800,005	71,075
Total Major Programs		3,446,333	1,904,546	1,904,546	71,075
<u>Non Major Programs</u>					
Department of Justice, Office of Justice Programs, human trafficking support, Grant 2018-VT-BX-K023	16.830	775,000	251,798	251,798	118,320
Department of Justice, Office of Justice Programs, human trafficking support, Grant 2019-GF-FX-004	16.830	446,684	236,711	236,711	
subtotal	16.830	1,221,684	488,509	488,509	118,320
Department of Health and Human Services, passed through California Department of Public Health, injury prevention and control, Grant 18-10716	93.136	272,104	154,398	154,398	
Department of Health and Humans Services, passed through Sacred Heart Community Services, destination home, Grant HPS-CV, housing services	21.023	52,626	52,626	52,626	
Department of Justice, passed through State of California OES, sexual assault services, Grant RC-21351043	93.671	103,119	14,765	14,765	
Department of Justice, passed through State of California OES, sexual assault services, La Isla, Grant DV-20121043	93.671	65,000	46,048	46,048	
Department of Justice, passed through State of California OES, sexual assault services, Grant RC-21241043	93.671	103,119	10,110	10,110	
subtotal	93.671	271,238	70,923	70,923	
Department of Justice, human trafficking, Grant 15POVC-21-GK-04057-HT	16.320	749,987	43,605	43,605	40,771
Department of Housing & Urban Development, passed through County of Santa Clara, community development block grant, Grant PS-22-04	14.218	23,683	23,291	23,291	
Department of Housing and Urban Development, passed through Sacred Heart Community Services, homeless prevention, Grant HPS-CDBG	14.218	25,068	9,340	9,340	
subtotal	14.218	48,751	32,631	32,631	-
Total Non Major Programs		2,616,390	842,692	842,692	159,091
Total federal financial assistance (continued to next page)		\$6,062,723	\$2,747,238	\$2,747,238	\$230,166

See Accompanying Notes to the Financial Statements

COMMUNITY SOLUTIONS
for Children, Families, and Individuals
Schedule of Expenditures of Federal, State and Local Awards (continued)
For the Year ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Program or Award Amount	Receipts/ Revenue Recognized	Disbursements/ Expenditures Incurred
Total federal financial assistance (from previous page)	\$6,062,723	\$2,747,238	\$2,747,238
<u>State and local assistance</u>			
City of Gilroy, THRIVE	105,228	105,228	105,228
City of Gilroy, passed through Santa Clara DA office, Resiliency Center, Grant 4300021348	486,163	22,207	22,207
Gilroy Unified School District	72,075	27,028	27,028
City of San Jose, passed through YWCA, OVW	79,964	21,948	21,948
County of San Benito, CSEC, Grant SBC-CSEC	159,117	158,790	158,790
County of Santa Clara, passed through YWCA, domestic violence services, Grant 4300015339	383,441	372,262	372,262
County of Santa Clara, passed through YWCA, YWCA DV bonus COC, Grant CA138L9T001802	66,398	52,112	52,112
County of Santa Clara, CSEC, Grant 4300020139	870,514	557,616	557,616
County of Santa Clara, mental health, CSS-C03 Fact, Grant 4300020160	8,298,859	3,904,432	3,904,432
County of Santa Clara, mental health, First 5 Services, Grant 4300020166	2,508,389	1,195,537	1,195,537
County of Santa Clara, mental health, Adult dual DX, Grant 4300020149	655,864	451,887	451,887
County of Santa Clara, MHSA, CSS BOHS Redesign, Grant 4300020150	4,821,026	3,375,685	3,375,685
County of Santa Clara, MHSA, CSS FSP Fact, Grant 4300020161	1,327,061	434,263	434,263
County of Santa Clara, MHSA, PEI Child, Grant 4300020169	875,023	846,799	846,799
County of Santa Clara, MHSA, IFSP Adult, Grant 4300020153	5,942,998	2,276,532	2,276,532
County of Santa Clara, MHSA, FSP Older Adult, Grant 4300020153	237,274	237,274	237,274
County of Santa Clara, MHSA, FSP AB-109 Jail Diversion, Grant 4300020144	1,102,680	540,349	540,349
County of Santa Clara, MHSA, Adult Madrone, Grant 4300021052	2,075,628	1,614,955	1,614,955
County of Santa Clara, MHSA, FSP Adult, Grant 4300020151	875,260	640,686	640,686
County of Santa Clara, MHSA, FSP Child, Grant 4300020170	4,723,666	1,882,732	1,882,732
County of Santa Clara, MHSA, FSP TAY, Grant 4300020167	6,277,119	3,097,854	3,097,854
County of Santa Clara, MHSA, SAMSHA Co-Occurring, Grant 4300020163	100,050	92,542	92,542
County of Santa Clara, MHSA, CSJ AB 109, Grant 4300020156	650,475	650,475	650,475
County of Santa Clara, MHSA, CGF AOA Expansion, Grant 4300020157	462,635	14,974	14,974
County of Santa Clara, MHSA, CJS CSS CJ Aftercare, Grant 4300020158	560,962	161,606	161,606
County of Santa Clara, MHSA, CJ Adult Services, Grant 4300020159	451,863	321,689	321,689
County of Santa Clara, MHSA, PEI School Linked Services, Grant 4300020168	807,272	417,702	417,702
County of Santa Clara, MHSA, FSP Transitional Housing, Grant 4300020164	455,095	455,064	455,064
County of Santa Clara, MHSA, Prop 47, CJS Co-Occurring, Grant 4300020162	1,212,869	799,409	799,409
County of Santa Clara, MHSA, Adult/Older Adult La Casa, Grant 4300020155	873,324	640,161	640,161
County of Santa Clara, MHSA, FSP AB-109 Housing Support, Grant 4300020148	92,152	8,296	8,296
County of Santa Clara, MHSA, CSS C03 F & C, Grant 4300020165	3,876,420	2,590,494	2,590,494
County of Santa Clara, MHSA, CSS SHP, Grant 4300020147	377,704	92,756	92,756
County of Santa Clara, MHSA, CSS SHP Reintegration, Grant 4300020145	566,005	336,265	336,265
County of Santa Clara, MHSA, FSP AB-109 Jail Diversion HUD, Grant 4300020148	447,760	5,506	5,506
County of Santa Clara, MHSA, CSS SHP SMI, Grant 4300020146	858,596	341,237	341,237
County of Santa Clara, passed through City of San Jose, HT coalition, Grant 1344666	52,820	50,642	50,642
County of Santa Clara, passed through Sacred Heart Community Services, Destination Home	457,786	457,786	457,786
County of Santa Clara, Office of Supportive Housing, El Jardin Pacifica, Grant 4300016422	480,489	414,313	414,313
County of Santa Clara, rape crisis center services, Grant 4300018295	500,000	474,844	474,844
County of Santa Clara, probationers fees, TF 0378	6,078	6,078	6,078
County of Santa Clara, Casitas Pacificas, Grant 4300018582	400,000	340,049	340,049
County of Santa Clara, victim services, Grant 4400008231	90,000	43,642	43,642
County of Santa Clara, GBV Survivor Intervention, Grant 4300020008	334,847	237,260	237,260
County of Santa Clara, GBV Community Based, Grant 4300020007	175,568	157,338	157,338
County of Santa Clara, GBV strangulation response, Grant 4300021272	338,780	132,980	132,980
County of Santa Clara GBV, regional anti-trafficking, Grant 4300018168	325,000	158,028	158,028
County of Santa Clara, COVID community engagement, Grant 4300021177	700,000	201,108	201,108
County of Santa Clara, youth intervention and prevention IPV, Grant 4300016772	174,294	174,294	174,294
County of Santa Clara, community based prevention IPV, Grant 4300016770	169,578	169,578	169,578
County of Santa Clara, victims rights advocacy, Grant 4300016773	1,569,218	146,471	146,471
County of Santa Clara, victims advocacy pilot, Grant 4300018698	234,482	232,827	232,827
County of Santa Clara, passed through Santa Clara University, trafficking, Grant SCC017	368,759	348,495	348,495
County of Santa Clara, marriage licensing, Grant TF-0231	28,013	28,013	28,013
County of Santa Clara, substance use treatment services, Grant 440008091	148,750	148,750	148,750
County of Santa Clara, Strangulation Response Program, Grant 440008070	124,500	4,500	4,500
County of Santa Clara, passed through SCFHP, Health Homes	102,834	102,834	102,834
State of California, OES, shelter, Grant DV-20121043	492,317	441,836	441,836
State of California, OES, human trafficking assistance, Grant HV-21041043	666,666	119,523	119,523
State of California, OES, human trafficking assistance, Grant HV-20031043	476,191	350,090	350,090
State of California, OES, family justice center, Grant FJ-21011043	329,562	31,007	31,007
State of California, OES, passed through YWCA, family justice center, Grant 2018-WE-AX002	291,916	56,616	56,616
State of California, OES, passed through Step Forward Foundation, KL 2003-1333 & KL 2104-133	59,000	41,781	41,781
State of California, OES, housing first, Grant XD-20031043	124,107	124,107	124,107
State of California, OES, unserved/underserved victims, Grant UV-21041043	64,866	28,794	28,794
State of California, OES, sexual assault services, Grant RC-20231043	11,941	2,788	2,788
State of California, OES, sexual assault services, Grant RC-21241043	146,666	144,407	144,407
State of California, OES, sexual assault services, Grant RC-21351043	148,712	146,465	146,465
State of California, OES, sexual assault services, Grant RC-20341043	13,987	3,678	3,678
State of California, passed through SCVHP, Medicare direct	106,514	106,514	106,514
Total state & local government assistance	63,451,170	34,371,788	34,371,788
GRAND TOTALS	\$ 69,513,893	\$ 37,119,026	\$ 37,119,026

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, 2022, 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 23, 2022.

Internal Control over Financial Reporting

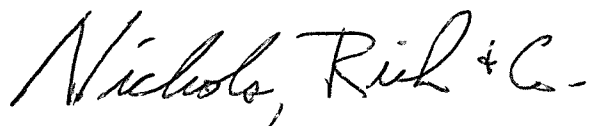
In planning and performing our audit, we considered Community Solutions for Children, Families and Individuals' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on 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 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 23, 2022

**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**Opinion on Each Major Federal Program**

We have audited Community Solutions for Children, Families and Individuals' compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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. 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Community Solutions for Children, Families and Individuals and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Solutions for Children, Families and Individuals' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance Responsibility

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts and grant agreements applicable to Community Solutions for Children, Families and Individuals' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Solutions for Children, Families and Individuals' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Solutions for Children, Families and Individuals' compliance with the requirements of each major federal program as a whole. In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Solutions for Children, Families and Individuals' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Solutions for Children, Families and Individuals' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Community Solutions for Children, Families and Individuals' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 23, 2022

COMMUNITY SOLUTIONS FOR CHILDREN, FAMILIES AND INDIVIDUALS
SUPPLEMENTARY INFORMATION REQUIRED BY CALIFORNIA OFFICE OF EMERGENCY SERVICES
JUNE 30, 2022

PROJECT TITLE RAPE CRISIS RECOVERY ACT PROGRAM (SANTA CLARA COUNTY)
 GRANT AWARD NUMBER RC 20-34-1043
 GRANT PERIOD OCTOBER 1, 2020 THROUGH SEPTEMBER 30, 2021
 AUDIT PERIOD JULY 1, 2021 THROUGH SEPTEMBER 30, 2021

	EXPENDITURES BY REVENUE SOURCE						
	BUDGET	FEDERAL VOCA	FEDERAL	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 205,820	\$ 57,502	\$ -	\$ 3,643	\$ -	\$ -	\$ 61,145
OPERATING EXPENSES	90,829	27,094	-	35	-	-	27,129
TOTALS	<u>\$ 296,649</u>	<u>\$ 84,596</u>	<u>\$ -</u>	<u>\$ 3,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,274</u>

PROJECT TITLE RAPE CRISIS RECOVERY ACT PROGRAM (SANTA CLARA COUNTY)
 GRANT AWARD NUMBER RC 21-35-1043
 GRANT PERIOD OCTOBER 1, 2021 THROUGH SEPTEMBER 30, 2022
 AUDIT PERIOD OCTOBER 1, 2021 THROUGH JUNE 30, 2022

	EXPENDITURES BY REVENUE SOURCE						
	BUDGET	FEDERAL VOCA	FEDERAL FVSA	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 233,691	\$ 54,342	\$ 1,245	\$ 112,205	\$ -	\$ -	\$ 167,792
OPERATING EXPENSES	166,880	24,893	13,520	34,260	-	-	72,673
TOTALS	<u>\$ 400,571</u>	<u>\$ 79,235</u>	<u>\$ 14,765</u>	<u>\$ 146,465</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,465</u>

PROJECT TITLE LA ISLA PACIFICA DOMESTIC VIOLENCE SHELTER AND SERVICE
 GRANT AWARD NUMBER DV 20-12-1043
 GRANT PERIOD OCTOBER 1, 2020 THROUGH SEPTEMBER 30, 2022
 AUDIT PERIOD JULY 1, 2021 THROUGH JUNE 30, 2022

	EXPENDITURES BY REVENUE SOURCE						
	BUDGET	FEDERAL VOCA	FEDERAL FVPA	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 567,676	\$ 47,361	\$ 2,859	\$ 241,783	\$ -	\$ -	\$ 292,003
OPERATING EXPENSES	572,497	30,880	43,189	200,053	-	-	274,122
EQUIPMENT	-	-	-	-	-	-	-
TOTALS	<u>\$ 1,140,173</u>	<u>\$ 78,241</u>	<u>\$ 46,048</u>	<u>\$ 441,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 566,125</u>

PROJECT TITLE FAMILY JUSTICE CENTER PROGRAM
 GRANT AWARD NUMBER FJ 21-01-1043
 GRANT PERIOD APRIL 1, 2022 THROUGH MARCH 31, 2024
 AUDIT PERIOD APRIL 1, 2022 THROUGH JUNE 30, 2022

	EXPENDITURES BY REVENUE SOURCE						
	BUDGET	FEDERAL VOCA	FEDERAL FVPS	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 110,413	\$ -	\$ -	\$ 12,268	\$ -	\$ -	\$ 12,268
OPERATING EXPENSES	219,149	-	-	18,739	-	-	18,739
TOTALS	<u>\$ 329,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,007</u>

PROJECT TITLE RAPE CRISIS RECOVERY ACT PROGRAM (SAN BENITO COUNTY)
 GRANT AWARD NUMBER RC 20-23-1043
 GRANT PERIOD OCTOBER 1, 2020 THROUGH SEPTEMBER 30, 2021
 AUDIT PERIOD JULY 1, 2021 THROUGH SEPTEMBER 30, 2021

	EXPENDITURES BY REVENUE SOURCE						
	BUDGET	FEDERAL VOCA	FEDERAL FVSA	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 178,582	\$ 43,204		\$ 1,755	\$ -	\$ -	\$ 44,959
OPERATING EXPENSES	74,674	22,573	-	1,033	-	-	23,606
TOTALS	<u>\$ 253,256</u>	<u>\$ 65,777</u>	<u>\$ -</u>	<u>\$ 2,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,565</u>

PROJECT TITLE RAPE CRISIS RECOVERY ACT PROGRAM (SAN BENITO COUNTY)
 GRANT AWARD NUMBER RC 21-24-1043
 GRANT PERIOD OCTOBER 1, 2021 THROUGH SEPTEMBER 30, 2022
 AUDIT PERIOD OCTOBER 1, 2021 THROUGH JUNE 30, 2022

	EXPENDITURES BY REVENUE SOURCE						
	BUDGET	FEDERAL VOCA	FEDERAL FVSA	STATE	CASH MATCH	IN-KIND MATCH	TOTAL EXPENDITURES
PERSONAL SERVICES	\$ 196,759	\$ 36,442	\$ 1,245	\$ 106,341	\$ -	\$ -	\$ 144,028
OPERATING EXPENSES	160,302	18,878	8,865	38,066	-	-	65,809
TOTALS	<u>\$ 357,061</u>	<u>\$ 55,320</u>	<u>\$ 10,110</u>	<u>\$ 144,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,837</u>

COMMUNITY SOLUTIONS FOR CHILDREN, FAMILIES AND INDIVIDUALS
SUPPLEMENTARY INFORMATION REQUIRED BY CALIFORNIA OFFICE OF EMERGENCY SERVICES
JUNE 30, 2022

PROJECT TITLE UNSERVED/UNDERSERVED VICTIM ADVOCACY
GRANT AWARD NUMBER UV 20 03 1043
GRANT PERIOD JANUARY 1, 2021 THROUGH DECEMBER 31, 2021
AUDIT PERIOD JULY 1, 2021 THROUGH DECEMBER 31, 2021

	BUDGET	EXPENDITURES BY REVENUE SOURCE					TOTAL EXPENDITURES
		FEDERAL VOCA	FEDERAL	STATE	CASH MATCH	IN-KIND MATCH	
PERSONAL SERVICES	\$ 102,239	\$ 45,331	\$ -	\$ -	\$ -	\$ -	\$ 45,331
OPERATING EXPENSES	80,205	39,312	-	-	-	-	39,312
TOTALS	<u>\$ 182,444</u>	<u>\$ 84,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,643</u>

PROJECT TITLE UNSERVED/UNDERSERVED VICTIM ADVOCACY AND OUTREACH PROGRAM
GRANT AWARD NUMBER UV 21 04 1043
GRANT PERIOD JANUARY 1, 2022 THROUGH DECEMBER 31, 2022
AUDIT PERIOD JANUARY 1, 2022 THROUGH JUNE 30, 2022

	BUDGET	EXPENDITURES BY REVENUE SOURCE					TOTAL EXPENDITURES
		FEDERAL VOCA	FEDERAL	STATE	CASH MATCH	IN-KIND MATCH	
PERSONAL SERVICES	\$ 111,043	\$ 16,958	\$ -	\$ 21,385	\$ -	\$ -	\$ 38,343
OPERATING EXPENSES	71,682	28,664	-	7,410	-	-	36,074
TOTALS	<u>\$ 182,725</u>	<u>\$ 45,622</u>	<u>\$ -</u>	<u>\$ 28,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,417</u>

PROJECT TITLE HUMAN TRAFFICKING ASSISTANCE PROGRAM
GRANT AWARD NUMBER HV 20 03 1043
GRANT PERIOD APRIL 1, 2021 THROUGH MARCH 31, 2022
AUDIT PERIOD JULY 1, 2021 THROUGH MARCH 31, 2022

	BUDGET	EXPENDITURES BY REVENUE SOURCE					TOTAL EXPENDITURES
		FEDERAL VOCA	FEDERAL	STATE	CASH MATCH	IN-KIND MATCH	
PERSONAL SERVICES	\$ 212,273	\$ -	\$ -	\$ 161,281	\$ -	\$ -	\$ 161,281
OPERATING EXPENSES	263,918	-	-	188,809	-	-	188,809
EQUIPMENT	-	-	-	-	-	-	-
TOTALS	<u>\$ 476,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,090</u>

PROJECT TITLE HUMAN TRAFFICKING ASSISTANCE PROGRAM
GRANT AWARD NUMBER HV 21 04 1043
GRANT PERIOD APRIL 1, 2022 THROUGH MARCH 31, 2023
AUDIT PERIOD APRIL 1, 2022 THROUGH JUNE 30, 2022

	BUDGET	EXPENDITURES BY REVENUE SOURCE					TOTAL EXPENDITURES
		FEDERAL VOCA	FEDERAL	STATE	CASH MATCH	IN-KIND MATCH	
PERSONAL SERVICES	\$ 287,605	\$ -	\$ -	\$ 59,665	\$ -	\$ -	\$ 59,665
OPERATING EXPENSES	379,061	-	-	59,858	-	-	59,858
EQUIPMENT	-	-	-	-	-	-	-
TOTALS	<u>\$ 666,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,523</u>

PROJECT TITLE DOMESTIC VIOLENCE SUPPORT (PASSED THROUGH COUNTY OF SANTA CLARA)
GRANT AWARD NUMBER XC 20030430
GRANT PERIOD JULY 1, 2016 THROUGH DECEMBER 31, 2021
AUDIT PERIOD JULY 1, 2021 THROUGH DECEMBER 31, 2021

	BUDGET	EXPENDITURES BY REVENUE SOURCE					TOTAL EXPENDITURES
		FEDERAL VOCA	FEDERAL	STATE	CASH MATCH	IN-KIND MATCH	
PERSONAL SERVICES	\$ 74,148	\$ 37,235	\$ -	\$ -	\$ -	\$ -	\$ 37,235
OPERATING EXPENSES	15,852	11,800	-	-	-	-	11,800
TOTALS	<u>\$ 90,000</u>	<u>\$ 49,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,035</u>

COMMUNITY SOLUTIONS FOR CHILDREN, FAMILY and INDIVIDUALS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

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 programs tested as major programs were Victims of Crime Act, CFDA 16.575 and Provider Relief Act, CFDA 93.498.
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.