

COMMUNITY ACTION MARIN

SAN RAFAEL, CALIFORNIA

**FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORT**

JUNE 30, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	Exhibit A 4
Statements of Functional Expenses	Exhibit B 5
Statements of Cash Flows	Exhibit C 6
Notes to Financial Statements	7-18
Supplemental Information:	
Combining Schedule of Activities – All Programs	Schedule 1 19
Combining Schedule of Activities - Head Start and Early Head Start Program	Schedules 2-3 20-21
Dept of HHS Schedule of Revenue and Expenses Head Start and Early Head Start Program Grant No. 09CH10002-04-00	Schedule 4 22
Combining Schedule of Activities - Energy Program	Schedule 5 23
Dept of CSD Schedule of Revenue and Expenses 19B-5020, 18B-4020, 17B-3020, 18F-5024, 19F-4024, 19F-4426	Schedules 6-13 24-31
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32-33
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	34-35
Schedule of Expenditures of Federal and State Awards	36-37
Notes to the Schedule of Expenditures of Federal Awards	38
Schedule of Findings and Questioned Costs	39
Status of Prior Year Findings and Recommendations	40

INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Action Marin
San Rafael, California

Report on the Financial Statements

We have audited the accompanying financial statements of Community Action Marin, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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

Emphasis of Matter

As discussed in Note 2B, Community Action Marin adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the Accounting Standards Update have been applied retrospectively to all years presented. Our opinion is not modified with respect to the matter.

Report on Summarized Comparative Information

We have previously audited Community Action Marin's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 27, 2019. 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary data in schedules 1 through 13 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2020 on our consideration of Community Action Marin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Action Marin's 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 Action Marin's internal control over financial reporting and compliance.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
March 20, 2020

Community Action Marin
STATEMENTS OF FINANCIAL POSITION
 June 30, 2019
 (With Comparative Totals for June 30, 2018)

	2019	2018
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 749,355	\$ 816,235
Restricted cash	131,152	65,769
Investments	2,179,950	1,958,493
Grants and contracts receivable	1,634,883	1,508,092
Pledges receivable	5,000	-
Prepaid expenses and other current assets	55,845	88,253
Total current assets	4,756,185	4,436,842
Non-current assets:		
Fixed assets, net of accumulated depreciation	1,779,093	1,743,792
Total non-current assets	1,779,093	1,743,792
Total assets	\$ 6,535,278	\$ 6,180,634
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 353,211	\$ 181,220
Accrued payroll liabilities	73,267	141,836
Accrued vacation	467,973	482,494
Accrued unemployment liabilities	249,617	183,978
Contract advances and deferred income	236,368	558,637
Due to fiscal agents	135,705	67,350
Total current liabilities	1,516,141	1,615,515
Long-term liabilities:		
Notes payable	44,705	44,705
Total long-term liabilities	44,705	44,705
Total liabilities	1,560,846	1,660,220
Net assets - Exhibit A:		
Net assets without donor restriction		
Board designated	474,102	474,102
Undesignated	3,828,229	3,962,599
Net assets with donor restriction	672,101	83,713
Total net assets	4,974,432	4,520,414
Total liabilities and net assets	\$ 6,535,278	\$ 6,180,634

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

Community Action Marin
STATEMENTS OF ACTIVITIES

Exhibit A

For the Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Subtotal	Elimination	2019 Total	2018 Total
Revenues:						
Government contracts	\$ 14,081,808	\$ -	\$ 14,081,808	\$ (516,409)	\$ 13,565,399	\$ 13,196,608
Child care food program	516,409	-	516,409	-	516,409	516,700
Grants income	1,252,357	1,023,327	2,275,684	-	2,275,684	1,469,329
Contributions	36,372	-	36,372	-	36,372	421,084
Fundraising	11,181	4,621	15,802	-	15,802	11,665
Other income	43,506	-	43,506	-	43,506	8,986
Parent fees	458,697	-	458,697	-	458,697	502,625
Program service fees	-	-	-	-	-	32,353
Rental income	56,589	-	56,589	-	56,589	103,235
Investment return, net	140,460	-	140,460	-	140,460	69,796
In-kind contribution	-	-	-	-	-	41,117
Net assets released from restrictions	624,160	(624,160)	-	-	-	-
Total revenues	<u>17,221,539</u>	<u>403,788</u>	<u>17,625,327</u>	<u>(516,409)</u>	<u>17,108,918</u>	<u>16,373,498</u>
Expenses:						
Program services:						
Emergency Family Needs	408,165	-	408,165	-	408,165	296,037
Energy and Housing Programs	231,539	-	231,539	-	231,539	142,106
Mental Health Programs	2,279,656	-	2,279,656	-	2,279,656	2,374,839
Food Service Program	499,639	-	499,639	-	499,639	410,098
Child Development Programs	6,096,526	-	6,096,526	(347,714)	5,748,812	5,808,921
Head Start Programs	5,154,061	-	5,154,061	(168,695)	4,985,366	4,865,838
Economic Opportunity	475,913	-	475,913	-	475,913	363,002
Administration services	2,053,064	-	2,053,064	-	2,053,064	1,760,976
Special Events and Fundraising	123,088	-	123,088	-	123,088	75,130
Total expenses	<u>17,321,651</u>	<u>-</u>	<u>17,321,651</u>	<u>(516,409)</u>	<u>16,805,242</u>	<u>16,096,947</u>
Change in net assets	(100,112)	403,788	303,676	-	303,676	276,551
Net assets, beginning of period	4,436,701	83,713	4,520,414	-	4,520,414	4,190,510
Prior period adjustments	(34,258)	184,600	150,342	-	150,342	53,353
Net assets, beginning of period as restated	<u>4,402,443</u>	<u>268,313</u>	<u>4,670,756</u>	<u>-</u>	<u>4,670,756</u>	<u>4,243,863</u>
Net assets, end of period	<u>\$ 4,302,331</u>	<u>\$ 672,101</u>	<u>\$ 4,974,432</u>	<u>\$ -</u>	<u>\$ 4,974,432</u>	<u>\$ 4,520,414</u>

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

Community Action Marin
STATEMENTS OF FUNCTIONAL EXPENSES
All Program Services
For the Year Ended June 30, 2019

Exhibit B

	Program Services										2019 Total	2018 Total
	Emergency Family Needs	LIHEAP Programs	Mental Health Programs	Food Services	Child Development Programs	Head Start and Early Head Start	Economic Opportunity	Program Services Total	Management and General	Special Events and Fundraising		
Expenses:												
Salaries	\$ 18,315	\$ 71,974	\$ 1,510,852	\$ 187,746	\$ 3,129,914	\$ 3,597,391	\$ 255,236	\$ 8,771,428	\$ 934,930	\$ 100,115	\$ 9,806,473	\$ 9,379,718
Payroll taxes	2,398	5,619	107,632	16,915	226,408	263,753	20,084	642,809	65,191	6,687	714,687	676,195
Employee benefits	218	25,270	130,236	23,899	359,761	437,629	29,607	1,006,620	110,016	3,788	1,120,424	1,085,096
Client expenses	386,894	39,997	194,004	215,087	352,717	185,524	13,117	1,387,340	2,524	-	1,389,864	1,294,568
Professional fees	-	67,832	25,410	11	58,693	87,595	19,566	259,107	465,049	5,000	729,156	944,478
Contract services	-	-	800	-	957,964	(236,391)	1,600	723,973	-	-	723,973	683,038
Facility costs	-	-	327	1,593	9,981	102,664	-	114,565	6,994	-	121,559	75,866
Occupancy	-	5,276	147,360	35,413	395,183	239,962	29,557	852,751	91,619	-	944,370	885,409
Tools & equipment	-	-	19,303	5,936	23,215	30,782	4,385	83,621	29,468	-	113,089	258,341
Equipment & vehicle maintenance	-	9,084	11,726	20,084	13,383	4,909	-	59,186	6,779	-	65,965	61,157
Building repairs & maintenance	-	80	5,864	11,695	329,507	138,382	90,056	575,584	(77,720)	-	497,864	337,141
Miscellaneous	-	85	1,585	10,804	11,077	20,157	(1,811)	41,897	155,401	765	198,063	110,136
Program supplies	-	12	5,422	44,535	39,273	96,915	224	186,381	3,717	-	190,098	216,296
Insurance	-	3,183	17,237	4,087	30,767	33,247	2,095	90,616	6,914	2,173	99,703	92,108
Employee development	-	900	22,292	-	17,094	51,300	2,296	93,882	25,520	236	119,638	109,214
Telephone	-	114	21,814	5,230	48,285	20,428	1,082	96,953	12,170	-	109,123	116,432
Travel	45	781	36,567	3,476	11,998	21,820	2,333	77,020	17,750	79	94,849	75,371
Printing & publications	295	769	1,216	678	5,150	5,399	717	14,224	14,137	3,205	31,566	19,800
Interest	-	-	-	-	-	-	-	-	571	-	571	597
Office supplies	-	224	14,955	152	22,329	15,017	3,141	55,818	30,062	75	85,955	59,809
Equipment rental	-	-	1,380	-	763	288	-	2,431	887	-	3,318	1,366
Advertising	-	339	3,674	409	2,243	-	2,628	9,293	15,536	965	25,794	7,303
Food service charge	-	-	-	(88,111)	50,821	37,290	-	-	-	-	-	-
Indirect cost allocation	3,900	12,041	260,165	26,970	428,949	608,158	36,380	1,376,563	(1,387,846)	11,283	-	-
Total expenses before Depreciation	412,065	243,580	2,539,821	526,609	6,525,475	5,762,219	512,293	16,522,062	529,669	134,371	17,186,102	16,489,439
Depreciation	-	-	-	-	-	-	-	-	135,549	-	135,549	124,208
Total expenses	\$ 412,065	\$ 243,580	\$ 2,539,821	\$ 526,609	\$ 6,525,475	\$ 5,762,219	\$ 512,293	\$ 16,522,062	\$ 665,218	\$ 134,371	\$ 17,321,651	\$ 16,613,647

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

Community Action Marin
STATEMENTS OF CASH FLOWS

Exhibit C

For the Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 303,676	\$ 121,656
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	135,549	42,890
Realized and Unrealized (gains)/ losses on investments	(80,221)	(26,793)
Changes in certain assets and liabilities:		
Grants and contracts receivable	(15,863)	(339,547)
Pledge receivable	(5,000)	-
Prepaid expenses and other current assets	32,408	147,750
Accounts payable including payments in transit	114,416	(171,636)
Accrued payroll liabilities	(68,569)	(28,213)
Accrued vacation	(14,521)	50,771
Accrued unemployment liabilities	65,639	59,504
Contract advances and deferred income	(322,269)	(181,915)
CDE reserve account	-	(45,495)
Due to fiscal agents	68,355	(25,080)
Net cash used by operating activities	213,600	(396,108)
Cash flows from investing activities:		
Purchase of property and equipment	(170,851)	(65,070)
Sales of investments	-	668,278
Purchases of investments	(44,246)	(1,354,173)
Net cash provided by investing activities	(215,097)	(750,965)
Net decrease in cash during the year	(1,497)	(1,147,073)
Cash balance, beginning of period	882,004	2,029,077
Cash balance, end of period	\$ 880,507	\$ 882,004
Cash balance at June 30 includes the following:		
Cash and cash equivalents	\$ 749,355	\$ 816,235
Restricted cash	131,152	65,769
Total cash and cash equivalents	\$ 880,507	\$ 882,004
Supplemental disclosures of cash flow information:		
Interest paid	\$ 571	\$ 597
Non-cash investing and financing activities		
Property and equipment acquired by restricted funds	\$ (170,851)	\$ -

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

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 - GENERAL

A. Organization

Community Action Marin is a local community action agency serving Marin County. Created in 1966 with federal Economic Opportunity Act funds, Community Action Marin set about meeting its mission to assist low-income Marin residents in achieving a quality of life based on self-sufficiency and the reduction of dependency through the following programs:

Emergency Family Needs - provides a modest financial loan or grant to families or individuals who are at risk due to an immediate crisis in their lives.

Low Income Home Energy Assistance Program (LIHEAP) - provides low income Marin residents with essential funding for winter heating bills.

Mental Health Programs - provides an atmosphere of warmth and caring to give the best opportunities for those with mental illness to reach their highest potential. This is achieved through a peer run facility with programs such as a drop-in center, outreach program, telephone counseling, companion programs, education, peer case management, and employment services. Activities in the programs range from working with individuals and families as peer case managers to helping people through times of crises.

Food Services - provides meals to children of low-income working parents who attend a licensed family daycare center. In addition, this program offers basic nutritional training for provider, parent and child.

Head Start and Early Head Start - provides comprehensive educational services for approximately 451 preschool children, health exams and dental care, nutritious meals, therapy for special needs children, parent education, and social services for children who are economically or educationally disadvantaged.

Child Development - provides school and after-school care for approximately 656 low-income children in addition to firm, consistent, appropriate guidance in the development of social skills, and one-to-one assistance with homework for after-schoolers.

Economic Opportunity - is a collaborative of agencies and businesses providing a continuum of asset-building services to help Marin's low-to-moderate income families and individuals achieve economic stability, opportunity and upward mobility.

Administration Services - represents management and general expenses, indirect costs, and the administrative costs portion of program services.

Community Action Marin receives its principal funding from the United States Department of Health & Human Services and the State of California Department of Education and accordingly, operates under the guidelines and regulations of these funding sources.

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of Community Action Marin (the Organization) are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of a period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

B. Basis of Presentation

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*. (ASC) 958-205 is effective for the Organization for the fiscal year ended June 30, 2019.

Under the provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

As of June 30, 2018, the total net assets of \$845,905 that was transferred from with donor restriction to without donor restrictions was due to the release of restricted fixed assets in compliance with ASU 2016-14. Net assets have been reclassified for 2018 due to the adoption of ASU 2016-14 as of June 30, 2019 as follows:

Net Asset Classification June 30, 2018	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Unrestricted, board designated	\$ 474,102	\$ -	\$ 474,102
Unrestricted, undesignated	3,962,599	-	3,962,599
Temporarily restricted	-	83,713	83,713
Total	<u>\$ 4,436,701</u>	<u>\$ 83,713</u>	<u>\$ 4,520,414</u>

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions and highly liquid debt instruments purchased with maturities of three months or less.

Cash that is considered as an investment of the Organization is not included as part of cash and cash equivalents for the purposes of the statement of cash flows.

D. Investments

Investments consisting of certificates of deposit, money market funds, fixed income obligations and equities are recorded at their estimated fair market value based on quoted market values. Interest and dividend income is recognized as it is earned.

E. Fixed Assets

Fixed assets are stated at cost and depreciation is computed on the straight-line basis of accounting over the estimated useful lives of the assets. The aggregate cost of assets over \$5,000 acquired through unrestricted grant resources is capitalized in the statement of financial position.

Assets acquired through grant resources are considered to be owned by the grantor while such assets are in use under the funded program, or while they are being used for a similar program. Any disposition of restricted assets or any funds derived therefrom are subject to grant regulations.

F. Revenue Recognition

Contributions are recognized at their fair value when the donor makes an unconditional promise to give to the Organization. Contributions restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction is released in the same reporting period in which the support is received. All other contributions with donor restrictions are reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Government grants and revenue are recognized when the Organization incurs expenditures related to the required services. Amounts billed or received in advance are recorded as contract advances and deferred revenue until the related services are performed. Amounts due the Organization for services performed at June 30, 2019 and 2018 are included in accounts receivable.

The Organization has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable that all receivables will be collected. This was based on previous experiences and management's analysis and assurances made by the staff. No provision for uncollectible receivables is reserved at June 30, 2019 and 2018.

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

Donated services are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met. The Head Start Program requires 20% of the total expenses to be provided by the sponsor and participants in the program. To comply with this requirement, the Organization has developed a reporting system to determine all in-kind contributions, which consist primarily of parent volunteer services valued at a nominal hourly rate, to the Head Start Program. The value of Head Start in-kind contributions for the fiscal years ended June 30, 2019 and 2018 of \$1,701,146 and \$1,209,929, respectively, has not been reflected in the financial statements.

H. Functional Expenses and Indirect Costs

Directly identifiable expenses are charged to program services. Expenses related to more than one function are charged to program services on the basis of periodic time and expense studies. Administration services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Charging of costs will be determined on the basis of whether that expense is a direct cost or indirect (allocable) cost. Direct cost expenses will be charged directly to the grant or project and specific cost category. Once that determination is made the expense will be coded and recorded in the accounting system. Charging of allocable costs must be determined on whether the expense benefits multiple grants or projects. Once the determination is made on which program(s) received the benefit, then the expense will be coded accordingly and recorded in the accounting system. Indirect costs represent administrative costs recorded in the general administration fund which are allocable to the restricted programs as indirect administrative costs.

The Organization submits an indirect cost rate agreement to the Department of Health and Human Services on an annual basis. The indirect cost rate is used to support the claim for indirect costs on grants and contracts with the Federal Government.

I. Fundraising Expenses

Fundraising expenses are recognized when incurred, regardless of the campaign year to which they relate.

J. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

K. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

L. Contingencies

The Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose of such audits is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Organization has no provisions for the possible disallowance of program costs on its financial statements.

M. Concentrations

The Organization receives a substantial amount of revenue for its programs funded by the U.S. Department of Health and Human Services. During the years ended June 30, 2019 and 2018, the Organization received \$6,832,681 and \$6,633,720. This amounts to 40% and 41% of total revenue for the fiscal years ended June 30, 2019 and 2018, respectively.

NOTE 3 - INCOME TAXES

The Organization is a not-for-profit organization that is exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation code and, therefore, has made no provision for Federal or California income taxes. In addition, the Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualified for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization has adopted the accounting principles generally accepted in the United States of America for recognition, measurement, presentation and disclosure relating to uncertain tax positions, which prescribed a threshold of more likely than not for recognition and de-recognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Organization for the year ended June 30, 2019. The Organization files information returns in the United States of America federal jurisdiction and the State of California.

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 - CASH

Cash balances at June 30 are as follows:

	2019	2018
Unrestricted:		
Wells Fargo	\$ 371,815	\$ 814,469
Bank of Marin	375,711	25
Petty cash	1,829	1,741
Total unrestricted cash and cash equivalents	749,355	816,235
Restricted:		
Bank of Marin	131,152	65,236
Wells Fargo	-	533
Total restricted cash and cash equivalents	131,152	65,769
Total cash and cash equivalents	\$ 880,507	\$ 882,004

At June 30, 2019 and 2018, the Organization maintains several bank accounts at two financial institutions and the respective bank balances of \$1,102,553 and \$1,057,909 were insured up to the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC) at each financial institution, respectively. The remaining bank balances were uninsured and held by the financial institutions in the Organization's name.

At June 30, 2019 and 2018, the restricted cash and cash equivalents of \$131,152 and \$65,769, respectively, was the amount the Organization maintains for the funds that have restrictions for Season of Sharing, California Department of Education reserve account, and the Harriet Richard Bequest.

NOTE 5 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating fund and other reserves that could be drawn upon if the governing board approves that action.

Cash and cash equivalents	\$ 749,355
Investments	2,179,950
Government grants and contracts receivable	1,634,883
Pledges receivable	5,000
Prepaid expenses and other current assets	55,845
Restricted cash	131,152
Total financial assets	4,756,185
Contractual or donor-imposed restrictions	
Cash restricted by grantors and others to specific uses	(908,469)
Cash held for fiscal agents	(135,705)
Board-designated reserves for future contingencies	(474,102)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,237,909

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 6 - INVESTMENTS

Investments at June 30 consisted of the following:

	2019	2018
Cash and money market funds	\$ 31,759	\$ 39,245
Fixed income	101,389	148,831
Equities	276,791	104,725
Bond funds	206,087	150,369
Equity funds	1,356,113	1,262,619
Common stocks	-	106,227
Other assets	207,811	146,477
Total	\$ 2,179,950	\$ 1,958,493

Investment earnings are as follows for the year ended June 30, 2019:

Interest and dividend income	\$ 60,006
Net realized gains (losses)	55,674
Net unrealized gains (losses)	24,547
Total investment return	\$ 140,227

NOTE 7 - FAIR VALUE MEASUREMENT

The Organization applies Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to observable inputs (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three tiers of the fair value hierarchy under FASB ACS 820-10 are described as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the years ended June 30, 2019 and 2018.

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 7 - FAIR VALUE MEASUREMENT (concluded)

The underlying investments in mutual funds are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, and the level of uncertainty related to changes in the value of the mutual funds, it is at least possible that changes in risks in the near term could materially affect accounting balances and the amounts reported in the statement of financial position and the statement of activities.

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Organization's financial statements at fair value as of June 30, 2019:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 31,759	\$ 31,759	\$ -	\$ -
Fixed income	101,389	101,389	-	-
Equities	276,791	276,791	-	-
Bond funds	206,087	206,087	-	-
Equity (Mutual) funds	1,356,113	1,356,113	-	-
Common stocks	-	-	-	-
Other assets	<u>207,811</u>	<u>207,811</u>	-	-
Total	<u>\$ 2,179,950</u>	<u>\$ 2,179,950</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Organization's financial statements at fair value as of June 30, 2018:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market funds	\$ 39,245	\$ 39,245	\$ -	\$ -
Fixed income	148,831	148,831	-	-
Equities	104,725	104,725	-	-
Bond funds	150,369	150,369	-	-
Equity (Mutual) funds	1,262,619	1,262,619	-	-
Common stocks	106,227	106,227	-	-
Other assets	<u>146,477</u>	<u>146,477</u>	-	-
Total	<u>\$ 1,958,493</u>	<u>\$ 1,958,493</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8 - GRANTS/CONTRACTS RECEIVABLE

Grants/contracts receivable at June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
U.S. DHHS Head Start and Early Head Start Program	\$76,221	\$ 566,815
California Department of Education – Child Development	556,983	159,977
California Department of Education – CCFP	139,322	43,348
California CSD – CSBG	72,479	72,229
California CSD – LIHEAP	86,684	87,097
County of Marin – Mental Health Program	556,554	413,430
Marin Community Foundation	-	15,736
United Way	-	76,450
Other	<u>146,640</u>	<u>73,010</u>
Total	<u>\$ 1,634,883</u>	<u>\$ 1,508,092</u>

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 9 - FIXED ASSETS

Fixed assets as of June 30 were as follows:

<u>Unrestricted Fixed Assets</u>	<u>2019</u>	<u>2018</u>
Land	\$ 363,030	\$ 363,030
Buildings and improvements	1,156,954	973,238
Leasehold improvements	30,428	30,428
Equipment	67,475	67,475
Vehicle	<u>87,778</u>	<u>87,778</u>
Total	1,705,665	1,521,949
Less accumulated depreciation	<u>(831,208)</u>	<u>(623,962)</u>
Unrestricted fixed assets, net	<u>874,457</u>	<u>897,987</u>
<u>Restricted Fixed Assets</u>		
Buildings and improvements	1,219,275	1,030,300
Construction in progress	90,056	291,897
Leasehold improvements	290,379	290,379
Equipment	55,529	55,529
Vehicle	<u>132,803</u>	<u>132,803</u>
Total	1,788,042	1,800,908
Less accumulated depreciation	<u>(883,406)</u>	<u>(955,103)</u>
Restricted fixed assets, net	<u>904,636</u>	<u>845,805</u>
Total fixed assets, net	<u>\$ 1,779,093</u>	<u>\$ 1,743,792</u>

Depreciation expense was \$135,549 and \$124,208, of which \$55,373 and \$42,890 was expensed and \$80,176 and \$81,318 was charged directly to temporarily restricted net assets for the years ended June 30, 2019 and 2018, respectively.

NOTE 10 - ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The amount of accumulated vacation was \$467,973 and \$482,494 as of June 30, 2019 and 2018, respectively.

NOTE 11 - ACCRUED UNEMPLOYMENT LIABILITIES

The Organization has elected to be self-insured for the purpose of California State Unemployment Insurance. At June 30, 2019 and 2018, the amount of accrued unemployment liability was \$249,617, and \$183,978, which represents the estimated future claims arising from payroll paid through June 30, 2019 and 2018, respectively. Unemployment claims paid for the years ended June 30, 2019 and 2018 were \$102,813 and \$109,997, respectively.

NOTE 12 - CDE RESERVE

Beginning July 1, 2015, the Organization maintains a reserve account for Center Based contracts. Reserve funds are deposited into an interest bearing account. Upon termination of all child development center-based contracts with California Department of Education, the Organization would have to return the reserve funds; thus the reserve account is recorded as a liability (deferred revenue).

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 12 - CDE RESERVE (concluded)

Reserve account as of June 30, 2019 was \$-0-. Reserve account for June 30, 2018 was also \$-0- which includes interest of \$27 that the bank paid on the account balances; the total remaining balance of \$45,522 was transferred out to use for the Child Development program during the fiscal year ended June 30, 2018.

NOTE 13 - CONTRACT ADVANCES AND DEFERRED INCOME

Contract advances and deferred income as of June 30 consisted of the following:

	2019	2018
CSD – LIHEAP contracts	\$ 2,250	\$ -
Head Start/Early Head Start	21,177	-
County of Marin	9,841	27,096
Marin Community Foundation	9,813	199,526
United Way	34,585	-
Marin Schools	42,757	-
Marin Childcare Council	47,368	47,888
Novato Unified School District	30,854	-
Harriet Richard Bequest - Mental Health program	-	193,275
Other	37,723	90,852
Total	\$ 236,368	\$ 558,637

NOTE 14 - NOTES PAYABLE

The Organization purchased modular buildings for the Head Start and Marin Community Child Development programs. To finance the purchase, the Organization obtained Community Development Block Grant funds in the amount of \$44,705 from the County of Marin. The Community Development Block Grant has a reversionary interest in the modular buildings. If the Organization, for any reason whatsoever, sells, conveys, encumbers, grants, leases, or otherwise alienates the premises, this loan will be paid, as an implementer of the Community Development Block Grant Program.*

As of June 30, 2019, notes payable are as follows:

Note payable to a government agency, secured by a real property (see note above)*.	\$ 44,705
Less current portion	-
Total, net of current portion	\$ 44,705

NOTE 15 - BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

Board designated net assets of June 30 include:

	2019	2018
Fund I	\$ 474,102	\$ 474,102
Released and used for program expenses	-	-
Total board designated net assets	\$ 474,102	\$ 474,102

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

NOTE 15 - BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS (concluded)

The assets related to the Fund I as shown on the Statement of Financial Position are as follows:

	2019	2018
Investments - Charles Schwab	\$ 474,102	\$ 474,102
Total	\$ 474,102	\$ 474,102

NOTE 16 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction as of June 30 were available for the following programs:

	2019	2018
Head Start and Early Head Start	\$ 48,447	\$ 13,803
Child Development and Bolinas	216,994	62,594
LIHEAP	304	304
Mental Health program	325,986	-
Spark Point	17,877	7,012
Admin	62,493	-
Total	\$ 672,101	\$ 83,713

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Operating leases

The Organization sold its fiscal building in March 2017 and signed a lease-back agreement for this location until March 31, 2018 with a monthly rental payment of \$9,000. The Organization entered a five year lease agreement for the new location in San Rafael, California that commenced on April 1, 2018 and expires on February 28, 2023. Rents were deferred at this new location for three months and the monthly payment of \$24,086 began on July 1, 2018. The Organization also leases various facilities and equipment under operating leases with various terms. Future minimum payments, by year, and in the aggregate, under non-cancellable leases with initial or remaining terms of one year or more consist of the following:

<u>Fiscal Year Ending June 30</u>		
2020	\$	340,364
2021		307,964
2022		294,036
2023		221,774
Thereafter		5,004
Total	\$	1,169,142

Rent expense under operating leases for the years ended June 30, 2019 and 2018 was \$846,628 and \$707,854, respectively.

Community Action Marin
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 18 - PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 2019, the Organization increased beginning net assets in the amount of \$150,342. The \$150,342 is a total effect of recording revenues from the prior year of \$193,275 from the Harriet Richards Mental Health Bequest, net with \$8,675 of transfer to the reserve account and \$34,258 of prepaids and other assets.

During the fiscal year ended June 30, 2018, the Organization increased beginning net assets in the amount of \$53,353 to record a \$110,928 receivable from Department of Health and Human Services for additional indirect costs allowed by the Head Start and Early Head Start program for the fiscal year 2017 and to record \$57,575 payable to County of Marin for the unearned amount due on prior years' Mental Health contracts. The net effect of this change for the year ended June 30, 2018 was an increase to net assets in the amount of \$53,353.

NOTE 19 - RECLASSIFICATIONS AND ELIMINATION

Certain amounts in the June 30, 2019 financial statements have been reclassified to conform with the June 30, 2018 presentation, specifically the revenue categories in the Statement of Activities. These reclassifications have no effect on the change in net assets as previously reported.

In the June 30, 2019 and 2018 financial statements, government contracts revenue for the Food Services program was eliminated for the amount presented as Child Care Food Program revenues to off-set the elimination of the internal allocation of expenses in the Child Development program and Head Start and Early Head Start program. The presentation of internal allocation of Child Care Food program expenses in the Statement of Functional Expenses to the Child Development program and the Head Start and Early Head Start program is to meet the reporting purposes required by the Head Start and Early Head Start grant and California Department of Education contracts in Schedule 1 and Schedule 2.

NOTE 20 - COMPARATIVE FINANCIAL 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 Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

NOTE 21 - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through March 20, 2020, the date the financial statements were available to be issued.

Community Action Marin
COMBINING STATEMENT OF ACTIVITIES
 All Program Services
 For the Year Ended June 30, 2019

	Program Services										2019 Total
	Emergency Family Needs	LIHEAP Programs	Mental Health Programs	Food Services	Child Development Programs	Head Start and Early Head Start	Economic Opportunity	Program Services Total	Management and General	Special Events and Fundraising	
Revenues:											
Government contracts	\$ -	\$ 223,316	\$ 2,470,367	\$ -	\$ 5,802,189	\$ 5,287,361	\$ -	\$ 13,783,233	\$ 286,074	\$ -	\$ 14,069,307
Child care food program	-	-	-	516,409	-	-	-	516,409	-	-	516,409
Grants income	391,894	-	194,153	10,000	386,278	512,249	511,861	2,006,435	246,000	35,750	2,288,185
Contributions	-	-	105	200	6,843	450	12,435	20,033	-	16,339	36,372
Fundraising	-	-	85	-	10,729	3,671	-	14,485	-	1,317	15,802
Other income	20,171	102	-	450	894	113	-	21,730	21,776	-	43,506
Parent fees	-	-	-	-	458,697	-	-	458,697	-	-	458,697
Rental income	-	-	-	35,144	21,445	-	-	56,589	-	-	56,589
Investment return, net	-	-	-	-	-	-	-	-	140,460	-	140,460
Total revenues	412,065	223,418	2,664,710	562,203	6,687,075	5,803,844	524,296	16,877,611	694,310	53,406	17,625,327
Expenses:											
Salaries	18,315	71,974	1,510,852	187,746	3,129,914	3,597,391	255,236	8,771,428	934,930	100,115	9,806,473
Payroll taxes	2,398	5,619	107,632	16,915	226,408	263,753	20,084	642,809	65,191	6,687	714,687
Employee benefits	218	25,270	130,236	23,899	359,761	437,629	29,607	1,006,620	110,016	3,788	1,120,424
Client expenses	386,894	39,997	194,004	215,087	352,717	185,524	13,117	1,387,340	2,524	-	1,389,864
Professional fees	-	67,832	25,410	11	58,693	87,595	19,566	259,107	465,049	5,000	729,156
Contract services	-	-	800	-	957,964	(236,391)	1,600	723,973	-	-	723,973
Facility costs	-	-	327	1,593	9,981	102,664	-	114,565	6,994	-	121,559
Occupancy	-	5,276	147,360	35,413	395,183	239,962	29,557	852,751	91,619	-	944,370
Tools & equipment	-	-	19,303	5,936	23,215	30,782	4,385	83,621	29,468	-	113,089
Equipment & vehicle maintenance	-	9,084	11,726	20,084	13,383	4,909	-	59,186	6,779	-	65,965
Building repairs & maintenance	-	80	5,864	11,695	329,507	138,382	90,056	575,584	(77,720)	-	497,864
Miscellaneous	-	85	1,585	10,804	11,077	20,157	(1,811)	41,897	155,401	765	198,063
Program supplies	-	12	5,422	44,535	39,273	96,915	224	186,381	3,717	-	190,098
Insurance	-	3,183	17,237	4,087	30,767	33,247	2,095	90,616	6,914	2,173	99,703
Employee development	-	900	22,292	-	17,094	51,300	2,296	93,882	25,520	236	119,638
Telephone	-	114	21,814	5,230	48,285	20,428	1,082	96,953	12,170	-	109,123
Travel	45	781	36,567	3,476	11,998	21,820	2,333	77,020	17,750	79	94,849
Printing & publications	295	769	1,216	678	5,150	5,399	717	14,224	14,137	3,205	31,566
Interest	-	-	-	-	-	-	-	-	571	-	571
Office supplies	-	224	14,955	152	22,329	15,017	3,141	55,818	30,062	75	85,955
Equipment rental	-	-	1,380	-	763	288	-	2,431	887	-	3,318
Advertising	-	339	3,674	409	2,243	-	2,628	9,293	15,536	965	25,794
Food service charge	-	-	-	(88,111)	50,821	37,290	-	-	-	-	-
Indirect cost allocation	3,900	12,041	260,165	26,970	428,949	608,158	36,380	1,376,563	(1,387,846)	11,283	-
Total expenses before Depreciation	412,065	243,580	2,539,821	526,609	6,525,475	5,762,219	512,293	16,522,062	529,669	134,371	17,186,102
Depreciation	-	-	-	-	-	-	-	-	135,549	-	135,549
Total expenses	412,065	243,580	2,539,821	526,609	6,525,475	5,762,219	512,293	16,522,062	665,218	134,371	17,321,651
Change in net assets	\$ -	\$ (20,162)	\$ 124,889	\$ 35,594	\$ 161,600	\$ 41,625	\$ 12,003	\$ 355,549	\$ 29,092	\$ (80,965)	\$ 303,676

Community Action Marin
COMBINING SCHEDULE OF ACTIVITIES
HEAD START AND EARLY HEAD START PROGRAM
For the Year Ended June 30, 2019

	Grant No. 09CH10002-04-00				Schedule 2 Total	Schedule 3 Total	Head Start & EHS Total
	Head Start*	Head Start T&A	Head Start MCF	Other Grants/ Contracts			
Revenues:							
Government contracts	\$ 2,800,541	\$ 30,538	\$ -	\$ -	\$ 2,831,079	\$ 2,456,282	\$ 5,287,361
Grants income	12,501	-	376,721	64,684	453,906	58,343	512,249
Contributions	-	-	350	-	350	100	450
Program service fees	-	-	-	-	-	-	-
Fundraising	-	-	3,025	-	3,025	646	3,671
Other income	64	-	-	-	64	49	113
In-kind revenue	1,418,608	-	-	-	1,418,608	282,538	1,701,146
Total revenues	4,231,714	30,538	380,096	64,684	4,707,032	2,797,958	7,504,990
Expenses:							
Salaries	1,541,857	11,002	286,459	266,455	2,105,773	1,491,619	3,597,392
Payroll taxes	116,044	801	21,730	19,706	158,281	105,473	263,754
Worker's compensation	39,079	339	4,371	7,683	51,472	37,543	89,015
Employee benefits	195,623	965	8,614	20,423	225,625	122,987	348,612
Client expenses	124,021	-	9,938	-	133,959	51,565	185,524
Professional fees	58,141	-	25	-	58,166	29,429	87,595
Contract services	84,937	-	-	(335,916)	(250,979)	14,588	(236,391)
Facility costs	74,577	-	1,883	1,785	78,245	24,419	102,664
Occupancy	127,069	-	(1,695)	756	126,130	113,833	239,963
Tools and equipment	11,566	-	411	-	11,977	18,805	30,782
Equipment & vehicle maintenance	1,647	-	-	-	1,647	3,262	4,909
Building repairs & maintenance	69,548	-	4,579	3,171	77,298	61,083	138,381
Miscellaneous	9,246	500	-	2,000	11,746	8,411	20,157
Program supplies	32,931	-	7,190	-	40,121	56,794	96,915
Insurance	17,234	195	-	-	17,429	15,818	33,247
Employee development	8,745	16,736	-	-	25,481	25,819	51,300
Telephone	12,318	-	184	-	12,502	7,926	20,428
Travel	10,001	-	-	-	10,001	11,820	21,821
Depreciation	-	-	-	-	-	-	-
Printing & publications	2,515	-	-	-	2,515	2,884	5,399
Interest	-	-	-	-	-	-	-
Office supplies	7,229	-	510	-	7,739	7,278	15,017
Equipment rental	117	-	-	-	117	171	288
In-kind service expenses	1,418,608	-	-	-	1,418,608	282,538	1,701,146
In-kind facility	-	-	-	-	-	-	-
Food service charge	-	-	-	-	-	37,290	37,290
Indirect cost allocation	268,682	-	35,897	36,975	341,554	266,603	608,157
Total expenses	4,231,735	30,538	380,096	23,038	4,665,407	2,797,958	7,463,365
Change in net assets	(21)	-	-	41,646	41,625	-	41,625
Net assets, beginning of period	-	-	-	-	-	-	-
Net assets, end of period	\$ (21)	\$ -	\$ -	\$ 41,646	\$ 41,625	\$ -	\$ 41,625

* Includes in-kind revenue and expenses which are not recognized in the financial statements.

Community Action Marin
COMBINING SCHEDULE OF ACTIVITIES
EARLY HEAD START PROGRAM
For the Year Ended June 30, 2019

Schedule 3

	Grant No. 09CH10002-04-00				
	Early Head Start*	Early Head Start T&A	EHS CalWorks	Other Grants/ Contracts	Total
Revenues:					
Government contracts	\$ 2,400,907	\$ 55,375	\$ -	\$ -	\$ 2,456,282
Grants income	-	-	55,652	2,691	58,343
Contributions	-	-	-	100	100
Program service fees	-	-	-	-	-
Fundraising	-	-	-	646	646
Other income	49	-	-	-	49
In-kind revenue	282,538	-	-	-	282,538
Total revenues	<u>2,683,494</u>	<u>55,375</u>	<u>55,652</u>	<u>3,437</u>	<u>2,797,958</u>
Expenses:					
Salaries	1,422,863	28,315	40,441	-	1,491,619
Payroll taxes	101,561	2,149	1,763	-	105,473
Worker's compensation	35,932	822	789	-	37,543
Employee benefits	118,898	2,678	1,411	-	122,987
Client expenses	50,336	-	1,145	84	51,565
Professional fees	29,429	-	-	-	29,429
Contract services	14,588	-	-	-	14,588
Facility costs	21,389	-	-	3,030	24,419
Occupancy	113,833	-	-	-	113,833
Tools and equipment	18,805	-	-	-	18,805
Vehicle and Equipment maintenance	3,262	-	-	-	3,262
Building repairs & maintenance	61,083	-	-	-	61,083
Miscellaneous	5,911	2,500	-	-	8,411
Program supplies	52,085	-	4,446	263	56,794
Insurance	15,464	354	-	-	15,818
Employee development	7,262	18,557	-	-	25,819
Telephone	7,926	-	-	-	7,926
Travel	11,820	-	-	-	11,820
Depreciation	-	-	-	-	-
Printing & publications	2,884	-	-	-	2,884
Interest	-	-	-	-	-
Office supplies	6,585	-	633	60	7,278
Equipment rental	171	-	-	-	171
In-kind service expenses	282,538	-	-	-	282,538
In-kind facility	-	-	-	-	-
Food service charge	37,290	-	-	-	37,290
Indirect cost allocation	261,579	-	5,024	-	266,603
Total expenses	<u>2,683,494</u>	<u>55,375</u>	<u>55,652</u>	<u>3,437</u>	<u>2,797,958</u>
Change in net assets	-	-	-	-	-
Net assets, beginning of period	-	-	-	-	-
Net assets, end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Includes in-kind revenue and expenses which are not recognized in the financial statements.

SCHEDULE OF REVENUE AND EXPENSES
HEAD START AND EARLY HEAD START PROGRAM

Grant No. 09CH10002-04-00

For the Period July 1, 2018 through June 30, 2019

	Audited Costs* Head Start	Audited Costs* Early Head Start	Total Audited Costs*	Total Budgets
Revenues:				
U.S. Dept. of Health & Human Services	\$ 2,662,384	\$ 2,456,282	\$ 5,118,666	\$ 5,018,671
Child Care Food Program	168,695	-	168,695	-
Grant income	12,501	-	12,501	-
Other income	64	49	113	-
In-kind revenue	1,418,608	282,538	1,701,146	1,254,668
Total revenues	<u>4,262,252</u>	<u>2,738,869</u>	<u>7,001,121</u>	<u>6,273,339</u>
Expenses:				
Personnel	1,709,122	1,591,642	3,300,764	2,928,946
Fringe benefits	196,588	121,576	318,164	701,607
Travel	10,001	11,820	21,821	3,155
Equipment	11,566	18,805	30,371	5,318
Supplies	32,931	52,085	85,016	108,861
Contractual	84,937	14,588	99,525	92,606
Facilities/construction	78,245	21,389	99,634	-
Other	451,593	325,557	777,150	705,389
Food	-	37,290	37,290	-
In-kind expenses	1,418,608	282,538	1,701,146	1,254,668
Indirect costs	268,682	261,579	530,261	472,789
Total expenses	<u>4,262,273</u>	<u>2,738,869</u>	<u>7,001,142</u>	<u>6,273,339</u>
Revenue over (under) expenses	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ (21)</u>	<u>\$ -</u>

* Revenue and expenses include in-kind of \$1,701,146 which is not recognized in the financial statements.

Community Action Marin
COMBINING SCHEDULE OF ACTIVITIES
ENERGY PROGRAM

Schedule 5

For the Year Ended June 30, 2019

	LIHEAP 17B-3020 EHA	LIHEAP 17B-3020 Weatherization	LIHEAP 18B-4020 EHA	LIHEAP 18B-4020 Weatherization	LIHEAP 19B-5020 Weatherization	Other Grants and Contracts	Total
Revenues:							
Government contracts	\$ (14,736)	\$ -	\$ 135,658	\$ 27,333	\$ 75,061	\$ -	\$ 223,316
Other income	-	-	-	-	-	102	102
Total revenues	<u>(14,736)</u>	<u>-</u>	<u>135,658</u>	<u>27,333</u>	<u>75,061</u>	<u>102</u>	<u>223,418</u>
Expenses:							
Salaries	-	-	46,385	3,192	22,315	82	71,974
Employee benefits	-	-	11,013	672	19,197	7	30,889
Professional fees	-	-	50,908	11,134	5,791	-	67,833
ECIP and HEAP payments	(400)	-	7,247	17,850	15,300	-	39,997
Supplies	-	-	906	-	98	-	1,004
Equipment	-	-	7,570	-	1,514	-	9,084
Communication	-	-	107	-	7	-	114
Occupancy	-	-	4,907	-	449	-	5,356
Travel and training	-	-	295	-	485	-	780
Indirect costs	-	-	5,369	-	6,660	13	12,042
Program support	-	-	527	311	3,245	-	4,083
Other	-	-	424	-	-	-	424
Total expenses	<u>(400)</u>	<u>-</u>	<u>135,658</u>	<u>33,159</u>	<u>75,061</u>	<u>102</u>	<u>243,580</u>
Change in net assets	(14,336)	-	-	(5,826)	-	-	(20,162)
Net assets, beginning of period	-	-	-	-	-	-	-
Net assets, end of period	<u>\$ (14,336)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,826)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,162)</u>

Community Action Marin
DEPT OF CSD SCHEDULE OF REVENUE AND EXPENSES
 Contract No. 19B-5020 (LIHEAP EHA)
 For the Year Ended June 30, 2019

Schedule 6

	1/1/2018 through 6/30/2019	7/1/2019 through 12/31/2020	Total Audited Costs	Total Reported Costs	Total Budgets
Revenues:					
Contract revenue	\$ 75,061	\$ -	\$ 75,061		\$ 141,792
Revenue adjustment (deferred)	-	-	-		-
Total revenues	<u>\$ 75,061</u>	<u>\$ -</u>	<u>\$ 75,061</u>		<u>\$ 141,792</u>
Expenses:					
Assurance 16 activities	<u>\$ 13,979</u>	<u>\$ -</u>	<u>\$ 13,979</u>	<u>\$ 13,979</u>	<u>\$ 23,353</u>
Administrative costs	<u>12,458</u>	<u>-</u>	<u>12,458</u>	<u>12,458</u>	<u>23,353</u>
Program support costs (ECIP and HEAP):					
Intake	18,973	-	18,973	18,973	31,695
Outreach	11,858	-	11,858	11,858	19,809
Training and Technical Assistance	4,743	-	4,743	4,743	7,924
General operating expenditures	-	-	-	-	-
Automation supplemental	-	-	-	-	-
Subtotal program support costs	<u>35,574</u>	<u>-</u>	<u>35,574</u>	<u>35,574</u>	<u>59,428</u>
Program services costs:					
ECIP Emergency Heating & Cooling Services	-	-	-	-	-
Wood, Propane and Oil (ECIP & HEAP WPO)	<u>13,050</u>	<u>-</u>	<u>13,050</u>	<u>13,050</u>	<u>35,658</u>
Subtotal program services costs	<u>13,050</u>	<u>-</u>	<u>13,050</u>	<u>13,050</u>	<u>35,658</u>
Total expenses	<u>\$ 75,061</u>	<u>\$ -</u>	<u>\$ 75,061</u>	<u>\$ 75,061</u>	<u>\$ 141,792</u>

Community Action Marin
DEPT OF CSD SCHEDULE OF REVENUE AND EXPENSES
 Contract No. 18B-4020 (LIHEAP EHA)
 For the Year Ended June 30, 2019

Schedule 7

	10/1/2017 through 6/30/2018	7/1/2018 through 12/31/2018	Total Audited Costs	Total Reported Costs	Total Budgets
Revenues:					
Contract revenue	\$ 33,696	\$ 135,658	\$ 169,354		\$ 164,528
Revenue adjustment (deferred)	-	-	-		-
Total revenues	<u>\$ 33,696</u>	<u>\$ 135,658</u>	<u>\$ 169,354</u>		<u>\$ 164,528</u>
Expenses:					
Assurance 16 costs	\$ -	\$ 18,588	\$ 18,588	\$ 18,588	\$ 36,200
Administrative costs	4,305	24,775	29,080	29,074	36,200
Program support costs (ECIP and HEAP)					
Intake	-	30,901	30,901	30,901	44,080
Outreach	-	23,359	23,359	23,359	27,550
Training and Technical Assistance	-	286	286	286	11,020
General operating expenditures	11,348	1,406	12,754	12,754	-
Automation supplemental	9,774	33,643	43,417	43,417	-
Subtotal program support costs	<u>21,122</u>	<u>89,595</u>	<u>110,717</u>	<u>110,717</u>	<u>82,650</u>
Program services costs					
ECIP Emergency Heating & Cooling Services	-	-	-	-	9,478
Wood, Propane and Oil (ECIP & HEAP WPO)	8,269	2,700	10,969	10,969	-
Subtotal program services costs	<u>8,269</u>	<u>2,700</u>	<u>10,969</u>	<u>10,969</u>	<u>9,478</u>
Total expenses	<u>\$ 33,696</u>	<u>\$ 135,658</u>	<u>\$ 169,354</u>	<u>\$ 169,348</u>	<u>\$ 164,528</u>

Community Action Marin
DEPT OF CSD SCHEDULE OF REVENUE AND EXPENSES
 Contract No. 18B-4020 (LIHEAP Weatherization)
 For the Year Ended June 30, 2019

Schedule 8

	<u>10/1/2017</u> through <u>6/30/2018</u>	<u>7/1/2018</u> through <u>6/30/2019</u>	<u>Total</u> <u>Audited</u> <u>Costs</u>	<u>Total</u> <u>Reported</u> <u>Costs</u>	<u>Total</u> <u>Budgets</u>
Revenues:					
Contract revenue	\$ -	\$ 27,333	\$ 27,333		\$ 41,209
Revenue adjustment (deferred)	-	-	-		-
Total revenues	<u>\$ -</u>	<u>\$ 27,333</u>	<u>\$ 27,333</u>		<u>\$ 41,209</u>
Expenses:					
Weatherization support costs:					
Intake	\$ -	\$ 2,347	\$ 2,347	\$ 2,347	\$ 3,297
Outreach	-	1,466	1,466	1,466	2,060
Training & Technical Assistance	-	1,466	1,466	1,466	2,060
T & TA - Solar Hot Water Heating	-	-	-	-	-
General overhead costs	-	-	-	-	-
Subtotal Weatherization support costs:	<u>-</u>	<u>5,279</u>	<u>5,279</u>	<u>5,279</u>	<u>7,417</u>
Weatherization Direct Program costs:	<u>-</u>	<u>27,880</u>	<u>27,880</u>	<u>27,881</u>	<u>33,792</u>
Total expenses	<u>\$ -</u>	<u>\$ 33,159</u>	<u>\$ 33,159</u>	<u>\$ 33,160</u>	<u>\$ 41,209</u>

Community Action Marin
DEPT OF CSD SCHEDULE OF REVENUE AND EXPENSES

Schedule 9

Contract No. 17B-3020 (LIHEAP EHA)

For the Year Ended June 30, 2019

	10/1/2016 through 6/30/2017	7/1/2017 through 6/30/2018	7/1/2018 through 12/31/2018	Total Audited Costs	Total Reported Expenses	Total Budgets
Revenues:						
Contract revenue	\$ 38,414	\$ 112,013	\$ -	\$ 150,427		\$ 178,656
Revenue adjustment (deferred)	-	-	(14,736)	(14,736)		-
Total revenues	<u>\$ 38,414</u>	<u>\$ 112,013</u>	<u>\$ (14,736)</u>	<u>\$ 135,691</u>		<u>\$ 178,656</u>
Expenses:						
Assurance 16 costs	<u>\$ 4,373</u>	<u>\$ 25,132</u>	<u>\$ -</u>	<u>\$ 29,505</u>	<u>\$ 29,505</u>	<u>\$ 36,272</u>
Administrative costs	<u>6,573</u>	<u>29,699</u>	<u>-</u>	<u>36,272</u>	<u>36,272</u>	<u>36,272</u>
Program support costs (ECIP and HEAP)						
Intake	6,482	22,763	-	29,245	29,245	35,371
Outreach	6,483	13,638	-	20,121	20,121	22,107
Training and Technical Assistance	62	-	-	62	62	5,323
General operating expenditures	1,322	11,617	-	12,939	12,939	13,549
Automation supplemental	<u>219</u>	<u>-</u>	<u>-</u>	<u>219</u>	<u>219</u>	<u>3,520</u>
Subtotal program support costs	<u>14,568</u>	<u>48,018</u>	<u>-</u>	<u>62,586</u>	<u>62,586</u>	<u>79,870</u>
Program services costs:						
ECIP Emergency Heating & Cooling Services	900	-	-	900	900	5,748
Wood, Propane and Oil (ECIP & HEAP WPO)	<u>12,000</u>	<u>9,164</u>	<u>(400)</u>	<u>20,764</u>	<u>21,164</u>	<u>20,494</u>
Subtotal program services costs	<u>12,900</u>	<u>9,164</u>	<u>(400)</u>	<u>21,664</u>	<u>22,064</u>	<u>26,242</u>
Total expenses	<u>\$ 38,414</u>	<u>\$ 112,013</u>	<u>\$ (400)</u>	<u>\$ 150,027</u>	<u>\$ 150,427</u>	<u>\$ 178,656</u>

Community Action Marin
DEPT OF CSD SCHEDULE OF REVENUE AND EXPENSES
 Contract No. 18F-5024 (CSBG ADMIN)
 For the Year Ended June 30, 2019

Schedule 10

	1/1/2018 through 6/30/2018	7/1/2018 through 12/31/2018	Total Audited Costs	Total Reported Expenses	Total Budgets
Revenues:					
Contract revenue	\$ 132,244	\$ 140,555	\$ 272,799		\$ 272,799
Other revenue	-	-	-		-
Total revenues	<u>\$ 132,244</u>	<u>\$ 140,555</u>	<u>\$ 272,799</u>		<u>\$ 272,799</u>
Expenses:					
Administrative costs:					
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ -
Fringe benefits	-	-	-	-	-
Operating expenses and equipment	-	-	-	-	-
Training costs	-	-	-	-	-
Subcontractor services	-	-	-	-	-
Other costs	-	-	-	-	-
Subtotal administrative costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program costs:					
Salaries and wages	117,292	125,536	242,828	242,829	233,516
Fringe benefits	14,952	15,019	29,971	29,970	39,283
Operating expenses and equipment	-	-	-	-	-
Training costs	-	-	-	-	-
Subcontractor services	-	-	-	-	-
Other costs	-	-	-	-	-
Subtotal program costs	<u>132,244</u>	<u>140,555</u>	<u>272,799</u>	<u>272,799</u>	<u>272,799</u>
Total expenses	<u>\$ 132,244</u>	<u>\$ 140,555</u>	<u>\$ 272,799</u>	<u>\$ 272,799</u>	<u>\$ 272,799</u>

DEPT OF CSD SCHEDULE OF REVENUE AND EXPENSES

Contract No. 18F-5024 (CSBG DISCRETIONARY)

For the Year Ended June 30, 2019

	1/1/2018 through 6/30/2018	7/1/2018 through 12/31/2018	Total Audited Costs	Total Reported Expenses	Total Budgets
Revenues:					
Contract revenue	\$ -	\$ 35,000	\$ 35,000		\$ 35,000
Other revenue	-	-	-		-
Total revenues	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>		<u>\$ 35,000</u>
Expenses:					
Administrative costs:					
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ -
Fringe benefits	-	-	-	-	-
Operating expenses and equipment	-	-	-	-	-
Training costs	-	-	-	-	-
Subcontractor services	-	-	-	-	-
Other costs	-	-	-	-	-
Subtotal administrative costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program costs:					
Salaries and wages	-	-	-	-	-
Fringe benefits	-	-	-	-	-
Operating expenses and equipment	-	35,000	35,000	35,000	35,000
Training costs	-	-	-	-	-
Subcontractor services	-	-	-	-	-
Other costs	-	-	-	-	-
Subtotal program costs	<u>-</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
Total expenses	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>

DEPT OF CSD SCHEDULE OF REVENUE AND EXPENSES

Contract No. 19F-4024 (CSBG ADMIN)

For the Year Ended June 30, 2019

	1/1/2019 through 6/30/2019	7/1/2019 through 12/31/2020	Total Audited Costs	Total Reported Expenses	Total Budgets
Revenues:					
Contract revenue	\$ 110,519	\$ -	\$ 110,519		\$ 269,337
Other revenue	-	-	-		-
Total revenues	<u>\$ 110,519</u>	<u>\$ -</u>	<u>\$ 110,519</u>		<u>\$ 269,337</u>
Expenses:					
Administrative costs:					
Salaries and wages	\$ 94,868	\$ -	\$ 94,868	\$ 94,868	\$ 155,821
Employee benefits	9,175	-	9,175	9,175	22,439
Other costs	-	-	-	-	-
Subtotal administrative costs	<u>104,043</u>	<u>-</u>	<u>104,043</u>	<u>104,043</u>	<u>178,260</u>
Program costs:					
Salaries and wages	6,041	-	6,041	6,041	79,613
Employee benefits	435	-	435	435	11,464
Operating costs	-	-	-	-	-
Equipment	-	-	-	-	-
Subtotal program costs	<u>6,476</u>	<u>-</u>	<u>6,476</u>	<u>6,476</u>	<u>91,077</u>
Total expenses	<u>\$ 110,519</u>	<u>\$ -</u>	<u>\$ 110,519</u>	<u>\$ 110,519</u>	<u>\$ 269,337</u>

Community Action Marin
DEPT OF CSD SCHEDULE OF REVENUE AND EXPENSES
 Contract No. 19F-4426 (CSBG DISCRETIONARY)
 For the Year Ended June 30, 2019

	1/1/2019 through 6/30/2019	7/1/2019 through 12/31/2020	Total Audited Costs	Total Reported Expenses	Total Budgets
Revenues:					
Contract revenue	\$ -	\$ -	\$ -		\$ 30,000
Other revenue	-	-	-		-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 30,000</u>
Expenses:					
Administrative costs:					
Salaries and wages	\$ -	\$ -	\$ -	\$ -	\$ -
Employee benefits	-	-	-	-	-
Other costs	-	-	-	-	-
Subtotal administrative costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Program costs:					
Salaries and wages	-	-	-	-	-
Employee benefits	-	-	-	-	-
Operating costs	-	-	-	-	30,000
Equipment	-	-	-	-	-
Subtotal program costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Total expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000</u>

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

Board of Directors
Community Action Marin
San Rafael, 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 Action Marin, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action Marin's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Marin's internal control. Accordingly, we do not express an opinion on the effectiveness of the Community Action Marin's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action Marin's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
March 20, 2020

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

Board of Directors
Community Action Marin
San Rafael, California

Report on Compliance for Each Major Federal Program

We have audited Community Action Marin's 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 Action Marin's major federal programs for the year ended June 30, 2019. Community Action Marin's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Action Marin's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action Marin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Action Marin's compliance.

Opinion on Each Major Federal Program

In our opinion, Community Action Marin 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 Action Marin 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 Action Marin's internal control over compliance with the type 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 the Community Action Marin's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
March 20, 2020

Community Action Marin
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2019

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Award Amount</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Amount Pass- through to Sub- recipients</u>
<u>U.S. Department of Agriculture:</u>						
Pass through the California State Department of Education:						
Child and Adult Care Food Program (Center)	10.558	N053-21-1371-OJ	\$ 516,700	\$ 516,409	\$ 516,409	\$ -
Total U.S. Department of Agriculture				516,409	516,409	-
<u>U.S. Department of Health and Human Services:</u>						
Head Start and Early Head Start*	93.600	09CH10002-04-00	6,273,339	6,819,812	6,819,812	-
				6,819,812	6,819,812	-
Pass through California Department of Community Services						
Community Services Block Grant	93.569	18F-5024	272,799	140,555	140,555	-
Community Services Block Grant-Discretionary	93.569	18F-5024	35,000	35,000	35,000	-
Community Services Block Grant	93.569	19F-4024	269,237	110,519	110,519	-
Community Services Block Grant-Discretionary	93.569	19F-4426	30,000	-	-	-
Low Income Home Energy Assistance	93.568	19B-4020	141,792	75,061	75,061	-
Low Income Home Energy Assistance	93.568	18B-4020	685,105	66,855	66,855	-
Low Income Home Energy Assistance	93.568	17B-3020	178,656	(400)	(400)	-
Total pass through California Department of Community Services				427,590	427,590	-
Pass through the California State Department of Education:						
Child Care and Development Fund Cluster						
General Child Care and Development Programs**	93.575	CCTR-8139	240,397	183,567	183,567	-
General Child Care and Development Programs**	93.596	CCTR-8139	522,952	399,326	399,326	-
General Child Care and Development Programs**	93.575	CSPP-8285	163,379	163,379	163,379	-
General Child Care and Development Programs**	93.596	CSPP-8285	355,665	355,665	355,665	-
Family Child Care Homes	93.575	CFCC-8013	58,100	58,100	58,100	-
Family Child Care Homes	93.596	CFCC-8013	126,388	126,388	126,388	-
Total Child Care and Development Fund Cluster						
pass through the California State Department of Education				1,286,425	1,286,425	-
Total U.S. Department of Health and Human Services				8,533,827	8,533,827	-
Total federal awards				\$ 9,050,236	\$ 9,050,236	\$ -

* The match in-kind of \$1,701,146 was not recognized in the financial statements because it did not meet the criteria for recognition under FASB ASC 958.

**Community Action Marin subcontracted with Novato Youth Center and North Bay Children Center to operate enrollment days for the California State General Child Care and Development Program.

Community Action Marin
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2019

<u>Grantor/Pass Through Grantor/Program Title</u>	Federal CFDA Number	Pass Through Grantor's Number	<u>Award Amount</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Amount Pass-through to Sub- recipients</u>
<u>State Awards:</u>						
<u>California State Department of Education:</u>						
General Child Care and Development Programs**	N/A	CCTR-8139	\$ 1,411,190	\$ 1,077,769	\$ 1,077,769	\$ 229,361
California State Preschool Program	N/A	CSPP-8285	2,621,741	2,621,741	2,621,741	-
Family Child Care Homes	N/A	CFCC-8013	330,887	<u>330,887</u>	<u>330,887</u>	<u>-</u>
Total state awards				<u>\$ 4,030,397</u>	<u>\$ 4,030,397</u>	<u>\$ 229,361</u>

**Community Action Marin subcontracted with Novato Youth Center and North Bay Children Center to operate enrollment days for the California State General Child Care and Development Program.

Community Action Marin
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Community Action Marin and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within Community Action Marin's financial statements.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA number included in the accompanying Schedule of Expenditures of Federal Awards was determined based on the program name, review of the award contract, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE 3 - INDIRECT COSTS

Community Action Marin elected not to use the 10% de minimis cost rate as covered in the Uniform Guidance Part 200.414 Indirect (F&A) Costs.

Community Action Marin
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Section I – Summary of Auditors’ Results

1. Type of auditors’ report issued: unmodified
2. Internal control over financial reporting:
 - A. Material weakness(es) identified? no
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? none reported
 - C. Noncompliance material to financial statements noted? no
3. Internal control over major programs:
 - A. Material weakness(es) identified? no
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? none reported
 - C. Type of auditors’ report issued on compliance for major programs: unmodified
 - D. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? no
4. Audited as Major Programs:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Expenditures</u>
93.600	Head Start and Early Head Start Program	\$6,819,812
93.569	Community Services Block Grant	286,074
93.568	Low Income Home Energy Assistance	141,516

5. Dollar threshold used to distinguish between type A and type B programs: \$750,000
6. The auditee is qualified as a low-risk auditee.

Section II – Financial Statement Findings

There were no financial statement findings.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Recommendation

Status/Explanation

There were no prior year findings or recommendations.