

**WOMEN'S CENTER –
YOUTH AND FAMILY SERVICES**

Independent Auditor's Reports,
Financial Statements, and
Supplementary Information

Year Ended June 30, 2015

**WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Women's Center – Youth and Family Services
Stockton, CA

Report on the Financial Statements

We have audited the accompanying financial statements of the Women's Center – Youth and Family Services (a nonprofit organization) which comprise the statement of financial position as of June 30, 2015, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Women's Center – Youth and Family Services as of June 30, 2015, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and supplemental schedule of Cal-OES grant revenue and expense are presented for purposes of additional analysis and are 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 December 31, 2015 on our consideration of the Women's Center – Youth and Family Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Women's Center – Youth and Family Services' internal control over financial reporting and compliance.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, California
December 31, 2015

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

Assets

Current assets:

Cash and equivalents	\$	286,876
Grants receivable		286,833
Unconditional promises to give		3,687

Total current assets		577,396
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Property and equipment		1,775,579
Investments		529,861
Beneficial interest in assets of community foundations		124,301

Total assets	\$	3,007,137
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$	50,417
Accrued liabilities		144,976
Deferred revenue		93,279
Notes payable, current portion		17,446
Line of credit		245,225

Total current liabilities		551,343
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Notes payable, less current portion		192,354
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Total liabilities		743,697
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Net assets:

Unrestricted		2,003,576
Temporarily restricted		259,864

Total net assets		2,263,440
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Total liabilities and net assets	\$	3,007,137
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The accompanying notes are an integral part of these financial statements.

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contracts and grants	\$ 2,714,288	-	\$ 2,714,288
Contributions	419,289	\$ 274,688	693,977
Special event income	87,857	-	87,857
Less: Cost of benefits for donors	(20,200)	-	(20,200)
Investment income	18,986	-	18,986
Other revenue	43,653	-	43,653
Net assets released from restrictions	539,653	(539,653)	-
	3,803,526	(264,965)	3,538,561
 Expenses:			
Program services	3,303,023	-	3,303,023
Total program services	3,303,023	-	3,303,023
 Supporting services:			
Management and general	319,698	-	319,698
Fundraising	272,972	-	272,972
Total supporting services	592,670	-	592,670
 Total expenses	3,895,693	-	3,895,693
 Change in net assets	(92,167)	(264,965)	(357,132)
 Net assets, beginning of year, as restated	2,095,743	524,829	2,620,572
 Net assets, end of year	\$ 2,003,576	\$ 259,864	\$ 2,263,440

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

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services	Supporting Services		Total
		Administration	Fundraising	
Salaries and wages	\$ 1,939,464	\$ 203,581	\$ 178,523	\$ 2,321,568
Payroll taxes	155,157	16,286	14,282	185,725
Employee benefits	367,549	38,581	33,832	439,962
Subtotal personnel	<u>2,462,170</u>	<u>258,448</u>	<u>226,637</u>	<u>2,947,255</u>
Communications	39,923	2,158	1,079	43,160
Conferences/trainings/mileage	66,282	3,583	1,791	71,656
Depreciation	91,282	4,934	2,467	98,683
Donor and community relations	-	-	9,811	9,811
Insurance	33,277	3,493	3,063	39,833
Interest expense	-	18,648	-	18,648
Marketing	-	-	19,047	19,047
Miscellaneous	5,044	530	464	6,038
Non-capital equipment	11,674	631	316	12,621
Occupancy	27,908	1,509	754	30,171
Office supplies	91,950	4,970	2,485	99,405
Professional fees	118,044	11,000	-	129,044
Program materials	178,131	-	-	178,131
Repairs and maintenance	62,377	3,372	1,686	67,435
Supplies	32,059	1,733	866	34,658
Transportation	4,084	429	376	4,889
Utilities	78,818	4,260	2,130	85,208
Total expenses	<u>\$ 3,303,023</u>	<u>\$ 319,698</u>	<u>\$ 272,972</u>	<u>\$ 3,895,693</u>

The accompanying notes are an integral part of these financial statements

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

Cash flows from operating activities:	
Change in net assets	\$ (357,132)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	98,683
Unrealized loss on investments	3,311
Increase in grants receivable	(125,079)
Increase in accounts payable	3,030
Decrease in accrued expenses	(6,982)
Increase in deferred revenue	<u>73,067</u>
Net cash used in operating activities	<u>(311,102)</u>
Cash flows from investing activities:	
Purchase of fixed assets	(88,782)
Purchase of investment securities	(184,311)
Proceeds from sales of investment securities	100,090
Increase in beneficial interest	<u>4,365</u>
Net cash used in investing activities	<u>(168,638)</u>
Cash flows from financing activities:	
Proceeds from line of credit	178,889
Payments on notes payable	<u>(46,448)</u>
Net cash provided by financing activities	<u>132,441</u>
Net decrease in cash	(347,299)
Cash and equivalents, beginning of year	<u>634,175</u>
Cash and equivalents, end of year	<u><u>\$ 286,876</u></u>
Supplemental cash flow information:	
Cash paid for interest:	<u><u>\$ 18,648</u></u>

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

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE A – NATURE OF ORGANIZATION

The Women's Center – Youth and Family Services (the Center) located in Stockton, California, is a non-profit public benefit corporation organized to provide educational and charitable services to women, children and men and comprehensive services to at-risk youth and adults ages 12-24. Services include sexual assault and domestic violence counseling and advocacy, domestic violence shelter, transitional housing, information and referral, prevention, parenting outreach and a youth Drop-in Center. The Center is primarily funded through government and private foundation grants.

Program Descriptions:

Sexual Assault: The Sexual Assault program provides comprehensive services for victims of sexual assault in San Joaquin County. Services include 24-hour crisis line and response to sexual assault victims, advocacy including personal accompaniment to law enforcement agencies, hospitals and social service providers and court proceedings. Temporary Restraining Order assistance, legal justice system information is provided to victims of sexual assault. Individual and peer counseling in English, Spanish, and Southeast Asian dialects are available to sexual assault victims. Support groups for survivors of sexual assault provide age appropriate workshops and a self-defense class to children, teens, teachers, and parents regarding sexual assault prevention.

Domestic violence: The Domestic Violence program provides comprehensive services for victims of domestic violence. Services include a 24-hour crisis line as well as personal accompaniment to victims of domestic violence. Temporary Restraining Order assistance is offered as well as legal and justice system information or information and referrals to other appropriate agencies. Peer counseling in English, Spanish and Southeast Asian dialects is available either one on one or in a support group setting. Presentations about agency services and domestic violence prevention and education are provided to children, teens, teachers, civic groups, churches and classrooms in an age appropriate method.

Serenity House, Tracy Shelter: Opened in January 2015, Serenity House serves South County residents as an emergency shelter to serve battered women and their children. These individuals can spend up to 60 days while participating in crisis intervention programs.

DAWN House, Stockton Shelter: DAWN House provides temporary emergency shelter for battered women and their children. Victims may stay in DAWN House for up to 60 days while participating in supportive programming including life skills training, support groups and individual counseling, "Just For Kids" children's Program, "Just For Moms" parenting program, referral services and employment readiness.

**WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015**

NOTE A – NATURE OF ORGANIZATION (CONTINUED)

Youth Services: The Youth Services Department provides comprehensive services to at-risk youth and young adults ages 12-24. Services include a 24-hour crisis line, two emergency shelters for homeless and runaway youth; a youth outreach component as well as a Drop-In Center. The Drop-In Center provides hot meals and snacks, shower and laundry facilities, case management, therapy, recreational activities and emotional support. The Youth Outreach program provides mentoring, field trips, classes, education support and employment skill building sessions.

Safe House: Opened in 1991 with funding from the federal Department of Health and Human Services, Family and Youth Services Bureau. Safe House offers up to 21 days of emergency shelter and supportive services for runaway, throwaway and homeless youth ages 12-17.

Opportunity House: Opened in 1996 with funds from the federal Department of Health and Human Services, Family and Youth Services Bureau. Opportunity House provides up to 21 months of shelter and supportive services to prepare runaway, throwaway and homeless youth for independent living. The program serves youth ages 18-22 and emancipated youth from 16-17 years old.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Center have been prepared on the accrual basis of accounting. Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Center classifies their net its net assets and changes in net assets as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions or the donor imposed restrictions have expired.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Center and/or the passage of time.

Permanently restricted net assets – Net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities as designated by donors. The Center had no permanently restricted net assets at June 30, 2015.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Contributions restricted by a donor are reported as increases in unrestricted net assets if restrictions are met (either by passage of time or by use) in the reporting period in which the contributions are recognized. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue from governmental contracts is recognized to the extent of incurred expenses, up to the grant or contract ceiling. Any excess of expenses over cash received is recorded as a grant receivable; any excess of cash received over expenses is recorded as deferred revenue. Revenue from events IS recognized when the events are held.

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

Investments

Investments are stated at fair value. Unrealized and realized gains and losses are included in investment income reported on the statements of activities. Investment income is reported net of related investment expenses.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates under different assumptions or conditions.

Fixed Assets

Acquisitions of fixed assets of \$1,000 or more are capitalized. Fixed assets are stated at cost and depreciation is computed when assets are place in service using the straight-line method over estimated useful lives of the assets.

Functional Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Indirect costs are allocated among programs and supporting services based on personnel, space and other factors.

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Management of the Center has evaluated the tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist. With few exceptions, the Center is no longer subject to income tax examinations by federal authorities for years ending June 30, 2011 and before and by state authorities for years ending June 30, 2010 and before.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation.

NOTE C – GRANTS RECEIVABLE

Grants receivable, all of which are considered collectible by management, consisted of the following at June 30, 2015:

California Office of Emergency Services	\$ 83,231
United Way	46,016
Department of Health & Human Services	40,000
SJC CYO	27,157
Medi-Cal	24,375
Other grants	<u>66,054</u>
Total grants receivable	<u>\$ 286,833</u>

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE D – INVESTMENTS

Investments are comprised of the following at June 30:

U.S. Large Cap Funds	\$ 203,274
Life Insurance Contracts	164,046
Annuity Contracts	111,978
Fixed Income Funds	38,560
Common Stock	10,369
Money Market Funds	<u>1,634</u>
 Total investments	 <u>\$ 529,861</u>

Investment income and gains consists of the following:

Interest and dividends	\$ 17,087
Net realized and unrealized gains (losses)	<u>1,899</u>
 Total investment income and gains (losses)	 <u>\$ 18,986</u>

NOTE E – FIXED ASSETS

Fixed assets consisted of the following as of June 30, 2015:

Land	\$ 236,058
Improvements	1,753,155
Buildings	1,535,518
Office computers	692,506
Less: accumulated depreciation	<u>(2,441,658)</u>
 Total fixed assets	 <u>\$ 1,775,579</u>

Depreciation expense was \$98,683 for the year ended June 30, 2015.

NOTE F – CREDIT LINE

The Center has a credit line with a bank, principle amount of \$250,000, carrying a variable interest rate currently set at 6.20% per annum. The credit line is secured by the assets of the Center. There was a balance outstanding of \$245,225 at June 30, 2015.

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE G – BENEFICIAL INTEREST IN ASSETS OF COMMUNITY FOUNDATIONS

The Center has transferred assets to the Community Foundation of San Joaquin and maintains an account at the Sacramento Regional Community Foundation (the Foundations). The agreements state that the transfers and amounts are irrevocable and that the assets will not be returned to the Center. However, the Foundations will make distributions of income earned on the endowment fund to the Center, subject to the Foundations' spending policy. The Center has granted the Foundations variance power which allows the Foundations, at their sole discretion and subject to certain conditions, to modify any condition or restriction on the distribution of funds. Distributions of \$8,470 were received for the year ended June 30, 2015. The Center has recorded a beneficial interest in assets held by the Foundations totaling \$124,301 at June 30, 2015.

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2015:

Dignity Health	\$ 30,999
Barbara E. Richards	69,767
In 'n Out Burger	7,500
L & G Foster	75,000
Stanford Revocable Trust	55,082
Gertrude Rous Bequest	15,000
Founders Endowment	3,310
Linda Coglan Endowment	<u>3,206</u>
 Total temporarily restricted net assets	 <u>\$ 259,864</u>

NOTE I – COMMITMENTS

The Center leases equipment under an operating lease that expires in 2017. Future minimum lease payments under these agreements are as follows for the years ended June 30:

2016	\$ 4,644
2017	<u>2,322</u>
 Total future minimum rental payments, net	 <u>\$ 6,966</u>

Rental expense for the year ended June 30, 2015 was \$6,173.

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE J – FAIR VALUE MEASUREMENTS

The Center follows the FASB Accounting Standards Codification No. 820, *Fair Value Measurement*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets, which have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs, which have the lowest priority, use primarily unobserved inputs. The Center uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The table below presents the balances of assets measured at fair value on a recurring basis at June 30, 2015:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Large Cap Funds	\$ 203,274	\$ 203,274	--	--
Life Insurance Contracts	164,046	--	\$ 164,046	--
Beneficial Interest in Assets of Community Foundations	124,301	--	--	\$ 124,301
Annuity Contracts	111,978	--	111,978	--
Fixed Income Funds	38,560	38,560	--	--
Common Stock	10,369	10,369	--	--
Money Market Funds	<u>1,634</u>	<u>1,634</u>	<u>--</u>	<u>--</u>
Totals	<u>\$ 654,162</u>	<u>\$ 253,837</u>	<u>\$ 276,024</u>	<u>\$ 124,301</u>

The beneficial interest in assets held by the Community Foundation is valued using Level 3 measurements, as the Center's interest in not redeemable in the near term. The following is a reconciliation of the Center's investments measured using significant unobservable measurements (Level 3) for the year ending June 30, 2015:

Balance, beginning of year	\$ 128,666
Distributions	(8,470)
Investment income	5,378
Administrative fees	<u>(1,273)</u>
Balance, end of year	<u>\$ 124,301</u>

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE K – LONG-TERM DEBT

The Center has notes payable as follows at June 30, 2015:

Note payable, Bank of Stockton, due September 2037, interest rate of 6%. Payable in monthly payments of principal and interest of \$922. Secured by land and building.	\$ 134,474
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Note payable, City of Stockton, Redevelopment Department, due September 2020, interest rate of 0%. Each year, upon successful completion of an annual review, one-tenth of the original loan principal will be forgiven. Secured by land and building.	45,438
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Note payable, City of Stockton, Redevelopment Department, due October 2019, interest rate of 0%. Each year, upon successful completion of an annual review, one-tenth of the original loan principal will be forgiven. Secured by land and building.	15,000
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Note payable, City of Stockton, Redevelopment Department, due June 2018, interest rate of 0%. Each year, upon successful completion of an annual review, one-tenth of the original loan principal will be forgiven. Secured by land and building.	<u>14,888</u>
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Total	209,800
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Less current portion	<u>(17,446)</u>
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Long-term portion	<u>\$ 192,354</u>
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Required payments of principal on the long-term notes payable at June 30, 2015, including current maturities, are summarized as follows:

2016	\$ 17,446
2017	17,630
2018	17,826
2019	13,071
2020	13,292
Thereafter	<u>130,535</u>
 Total	 <u>\$ 209,800</u>

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

NOTE L – DONATED GOODS AND SERVICES

The Center receives contributions of food, clothing and household items throughout the year for use in program activities. The value of these in-kind donations totaled \$89,414 and is included in the accompanying statements of activities and functional expenses for the year ended June 30, 2015.

The Center also received donated services from a variety of unpaid volunteers assisting in leadership, committees, fund-raising activities and program services. The value of this donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition as a contribution.

NOTE M – CONTINGENCIES

The Center is primarily funded by government grants and is subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time.

NOTE N – PRIOR PERIOD ADJUSTMENTS/RECLASSIFICATIONS

Unrestricted net assets have been reduced \$100,000 to correct the recording of a conditional promise to give at June 30, 2014. Temporarily restricted net assets were reduced and deferred revenue was increased by \$20,212 to correct the recording of advance payments under government contracts as of June 30, 2014. These adjustments have no effect on the results from operations for the year ended June 30, 2015.

NOTE O – SUBSEQUENT EVENTS

The management of the Center has reviewed the results of operations for the period of time from its year end June 30, 2015 through December 31, 2015, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

SUPPLEMENTARY INFORMATION

**WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S Department of Health and Human Services			
Passed through California State Office of Emergency Services			
Sexual Assault Victim Services	93.136	RPE Grant	\$ 53,088
Passed through Administration on Children, Youth and Families			
Basic Center Program	93.623		277,160
Transitional Living Program	93.550		<u>236,081</u>
Total U.S. Department of Health and Human Services			<u>513,241</u>
U.S. Department of Justice			
Passed through California State Office of Emergency Services			
Sexual Assault Victim Services	16.575	RC13331101	42,410
Domestic Violence - Victim Services	16.575	DV14291101	203,646
Sexual Assault Victim Services	16.575	RC14341101	<u>217,490</u>
Total U.S. Department of Justice			<u>463,546</u>
U.S. Department of Housing and Urban Development			
CDBG Grant Passed Through City of Manteca	14.218		4,965
CDBG Grant Passed Through City of Tracy	14.218		5,000
Emer Shelter Grant Passed Through County of San Joaquin	14.231		23,136
Emer Shelter Grant Passed Through City of Stockton	14.231		<u>23,600</u>
Total U.S. Department of Housing and Urban Development			<u>56,701</u>
Federal Emergency Management Agency			
Passed Through United Way of America			
Emergency Food and Shelter Program	83.523	16-0860-00-006	<u>61,356</u>
Total Expenditures of Federal Awards			<u>\$ 1,147,932</u>

The accompanying notes are an integral part of this schedule

**WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Women's Center – Youth and Family Services is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
SUPPLEMENTARY SCHEDULE OF CAL-OES GRANT REVENUE AND EXPENSE
YEAR ENDED JUNE 30, 2015**

	Cal OES Grant Award #RC13 33 1101 7/1/13 - 8/31/14	Cal OES Grant Award #RC14 34 1101 9/1/14 - 8/31/15	Cal OES Grant Award #DV14 29 1101 7/1/14-6/30/15	Total
Revenue	\$ 52,321	\$ 277,621	\$ 400,367	\$ 730,309
Expenses:				
Personnel expenses	50,610	274,990	386,575	712,175
In-kind match	<u>(10,599)</u>	<u>(50,600)</u>	<u>(20,002)</u>	<u>(81,201)</u>
Sub-total personnel	40,011	224,390	366,573	630,974
Operating expenses	12,310	53,231	33,794	99,335
Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>52,321</u>	<u>277,621</u>	<u>400,367</u>	<u>730,309</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report



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
Women’s Center – Youth and Family Services
Stockton, CA

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 the Women’s Center – Youth and Family Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Women’s Center – Youth and Family Services’ 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 do not for the purpose of expressing an opinion on the effectiveness of the Women’s Center – Youth and Family Services’ internal control. Accordingly, we do not express an opinion on the effectiveness of the Women’s Center – Youth and Family Services’ internal control.

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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-1, 2015-2 and 2015-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Women's Center – Youth and Family Services' 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-1, 2015-2 and 2015-3.

Organization's Response to Findings

Women's Center – Youth and Family Services' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

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.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, California
December 31, 2015



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Women’s Center – Youth and Family Services
Stockton, CA

Report on Compliance for Each Major Federal Program

We have audited the Women’s Center – Youth and Family Services’ compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended June 30, 2015. Women’s Center – Youth and Family Services’ major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Women’s Center – Youth and Family Services’ 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 Women’s Center – Youth and Family Services’ compliance.

Basis for Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, Women’s Center – Youth and Family Services did not comply with requirements regarding CFDA 16.575 Crime Victim Assistance as described in finding number 2015-2 Allowable Costs. Compliance with such requirements is necessary, in our opinion, for Women’s Center – Youth and Family Services to comply with the requirements applicable to that program.

Qualified Opinion on Each Major Federal Program

In our opinion, except for the noncompliance described in the “Basis for Qualified Opinion” paragraph, Women’s Center – Youth and Family Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Crime Victim Assistance program for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-1 and 2015-3. Our opinion on the major federal program is not modified with respect to these matters.

Women’s Center – Youth and Family Services’ response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization’s response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Women’s Center – Youth and Family Services’ 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 the Women’s Center – Youth and Family Services’ internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Women’s Center – Youth and Family Services’ internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-1, 2015-2 and 2015-3 to be material weaknesses.

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.

Women's Center – Youth and Family Services' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, California
December 31, 2015

**WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor’s report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? X yes none reported

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.575	Crime Victim Assistance

Dollar threshold used to distinguish between type A and type B programs: 300,000

Auditee qualified as low-risk auditee? X yes no

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

Section II – Financial Statement Findings

FINDING 2015-1: CASH DRAWDOWNS/REVENUE RECOGNITION

Criteria:

Government contract revenue is recognized only to the extent of expenses incurred (accepted practice).

Condition:

A drawdown of \$50,000 in federal funds was completed on July 22, 2015 and backdated to June 30, 2015.

Effect:

Government contract revenue of \$50,000 was inappropriately recognized for the year ended June 30, 2015. This amount reduced the loss originally reported on the financial statements presented for the audit.

Cause:

Management was not aware of the rules governing government contract revenue recognition, apparently thinking that the loss for the year could be reduced simply by drawing down funds from the federal grant account.

Recommendation:

Training should be undertaken so that management understands the rules governing government contract revenue recognition. And the board should reflect on the dubious ethical basis used for making such an entry at year end.

Views of responsible officials and corrective action:

The error occurred due to a duplicated effort to draw down on federal funds as it did not appear initially that funds were reported. During the audit process it was identified that due to overlapping fiscal years of federal grants, the entry for \$50k in accounts receivables was entered incorrectly. As federal funds overlap WCYFS fiscal year, accurate tracking of said funds are extremely necessary. As a result, finance personnel will cross reference federal reimbursements and WCYFS accounts receivables to confirm receipt and accuracy for year-end processes in the future.

**WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

Section III – Federal Award Findings and Questioned Costs

FINDING 2015-2; CFDA # 16.575; ALLOWABLE COSTS

Criteria:

Indirect costs may be charged to federal programs based on total direct costs, direct salaries and wages, or other base which results in an equitable distribution (OMB Circular A-122, Section D.2.c).

Condition:

Indirect costs are charged to federal awards based on undocumented estimates of employee time spent in each program area. We do not believe this method complies with OMB requirements.

Questioned Costs:

Not determined.

Context:

The method used may approximate some of the methods allowable under OMB A-122.

Effect:

Such costs may be disallowed by a granting agency.

Cause:

Management and staff are not fully aware of the requirements of OMB Circular A-122.

Recommendation:

Copies of applicable cost principles should be available to reference by management and staff. Training on the compliance requirements surrounding the allocation of cost to federal awards should be undertaken.

Views of responsible officials and corrective action:

Management will attend an OMB Circular A-122 training to ensure knowledge of allowable costs. Management will continuously reference Federal, State, and local guidelines as it pertains to a variety of funding sources.

**WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

FINDING 2015-3; CFDA # 93.623 AND 93.550; CASH MANAGEMENT

Criteria:

Drawdown of cash should only be for immediate needs (Compliance Supplement, C).

Condition:

Cash is drawn down from the funding source in irregular amounts and not always based on the immediate needs of the applicable federal program.

Questioned Costs:

None.

Context:

Cash draw downs were consistently taken ahead of the related program expenditures

Effect:

Unknown.

Cause:

Agency cash flow shortages and poor financial results have very likely given an incentive to draw down cash before program expenditures have been incurred.

Recommendation:

Cash draw downs should be determined and taken based only on the immediate needs of the applicable program.

WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015

FINDING 2015-3; CFDA # 93.623 AND 93.550; CASH MANAGEMENT (CONTINUED)

Views of responsible officials and corrective action:

Board of directors and management have created a sustainability plan. The sustainability plan includes eliminating positions that are no longer sustainable and meet the long term goals of the organization. We are diligently working to increase cash flow with the creation of a sustainability fund. Women's Center-Youth & Family Services' Board of Directors has taken proactive steps to establish the Sustainability Fund, an internal reserve that will enable us to weather the unpredictable fluctuations in government funding and respond to facility maintenance issues that often hinder our ability to serve at capacity. The Sustainability Fund is intended to bridge the gaps in funding and eliminate cash flow challenges caused by complex funding cycles.

**WOMEN'S CENTER - YOUTH AND FAMILY SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

None reported