FAMILY SUPPORT SERVICES

KEEPING FAMILIES HEALTHY AND INTACT

FAMILY SUPPORT SERVICES

(A California Nonprofit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2018 AND JUNE 30, 2017

RINA

accountancy corporation

FAMILY SUPPORT SERVICES

TABLE OF CONTENTS
JUNE 30, 2018 AND JUNE 30, 2017

	Page(s)
Independent auditors' report	2 - 3
Statements of financial position	4
Statements of activities	5
Statements of functional expenses	6 - 7
Statements of cash flows	8
Notes to financial statements	9 - 17
Supplemental information:	
Schedule of Expenditures of Federal Awards	19
Notes to Schedule of Expenditures of Federal Awards	20
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*	21 - 22
Independent auditors' report on compliance for each major program and on internal control over compliance required by the Uniform Guidance	23 - 24
Schedule of Findings and Questioned Costs	25
Schedule of County of Alameda Contracts	26

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Independent Auditors' Report

The Board of Directors
Family Support Services

We have audited the accompanying financial statements of Family Support Services (a California nonprofit corporation), which comprise the statements of financial position as of June 30, 2018 and June 30, 2017, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Family Support Services as of June 30, 2018 and June 30, 2017, and the changes in its net assets and its cash flows for the years 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 *Title 2 U.S code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance),* and schedule of County of Alameda Contracts, as required by Alameda County, 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 November 29, 2018, on our consideration of Family Support 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 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 Family Support Services' internal control over financial reporting and compliance.

RINA accountancy corporation

Certified Public Accountants

Oakland, California
November 29, 2018

FAMILY SUPPORT SERVICES

STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30, 2018	June 30, 2017
CURRENT:		
Cash and cash equivalents	$ 674,065	$ 647,245
Investments	1,169,882	1,099,398
Contracts receivable	578,252	672,540
Accounts receivable, net of $0 in allowance	232,286	217,386
Prepaid expenses	109,902	108,665
TOTAL CURRENT ASSETS	2,764,387	2,745,234
PROPERTY AND EQUIPMENT, net	73,546	98,893
OTHER ASSETS:		
Unemployment reserve	70,337	69,483
Deposits	70,387	35,965
	$ 2,978,657	$ 2,949,575
LIABILITIES		
CURRENT:		
Accounts payable	$ 53,439	$ 61,421
Accrued salaries and benefits	221,391	212,965
Accrued vacation	125,481	120,142
Deferred revenue	5,905	5,065
Unemployment reserve liability	-	3,110
TOTAL LIABILITIES (ALL CURRENT)	406,216	402,703
NET ASSETS:		
Unrestricted	2,519,053	2,526,236
Temporarily restricted	53,388	20,636
TOTAL NET ASSETS	2,572,441	2,546,872
TOTAL LIABILITIES AND NET ASSETS	$ 2,978,657	$ 2,949,575

See notes to financial statements.

FAMILY SUPPORT SERVICES

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2018			Year Ended June 30, 2017		
	Unrestricted	Temporarily	Total	Unrestricted	Temporarily	Total
REVENUE:						
Contract revenue and program fees	$ 4,754,473	$ -	$ 4,754,473	$ 4,805,195	$ -	$ 4,805,195
Grants and contributions	63,187	210,381	273,568	66,620	146,230	212,850
In-kind contributions	30,000	-	30,000	31,403	-	31,403
Fundraising event income, net of costs of $28,961 (2018) and $26,090 (2017)	44,635	-	44,635	50,270	-	50,270
Interest and dividend income	34,390	-	34,390	29,882	-	29,882
Net gain (loss) from investments	52,852	-	52,852	104,403	-	104,403
Gain on disposal of fixed assets	2,706	-	2,706	1,000	-	1,000
Net assets released from restrictions:	177,629	(177,629)	-	236,519	(236,519)	-
TOTAL REVENUE	5,159,872	32,752	5,192,624	5,325,292	(90,289)	5,235,003
EXPENSES:						
Program services:						
Respite care	2,464,003	-	2,464,003	2,192,702	-	2,192,702
Family preservation	972,739	-	972,739	979,717	-	979,717
Kinship	791,287	-	791,287	850,199	-	850,199
Mentoring	-	-	-	151,845	-	151,845
Supporting services						
Administration	811,977	-	811,977	816,187	-	816,187
Fundraising	127,049	-	127,049	158,814	-	158,814
TOTAL EXPENSES	5,167,055	-	5,167,055	5,149,464	-	5,149,464
CHANGE IN NET ASSETS	(7,183)	32,752	25,569	175,828	(90,289)	85,539
NET ASSETS, beginning of year	2,526,236	20,636	2,546,872	2,350,408	110,925	2,461,333
NET ASSETS, end of year	$ 2,519,053	$ 53,388	$ 2,572,441	$ 2,526,236	$ 20,636	$ 2,546,872

See notes to financial statements.

FAMILY SUPPORT SERVICES

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services			Supporting Services		
	Respite Care	Family Preservation	Kinship	Administration	Fundraising	Total
Salaries	$ 1,549,522	$ 642,067	$ 446,516	$ 429,639	$ 43,979	$ 3,111,723
Employee benefits	272,383	98,672	72,184	56,550	4,162	503,951
Professional services	168,804	6,894	41,213	160,343	54,412	431,666
Rent	142,897	88,283	101,702	64,005	11,831	408,718
Payroll taxes	125,585	51,647	35,490	32,912	3,310	248,944
Travel and mileage	86,208	12,283	7,747	707	176	107,121
Client needs/supplies	13,312	10,974	34,070	-	-	58,356
Communications	13,422	12,316	10,234	5,716	1,057	42,745
Insurance	11,222	8,206	5,695	16,071	362	41,556
Depreciation	13,444	13,025	6,860	4,538	757	38,624
Supplies and expendable furniture	6,178	4,236	7,337	3,297	931	21,979
Printing	9,208	4,753	2,127	3,391	668	20,147
Building repair and maintenance	5,906	3,724	6,092	3,468	632	19,822
Trainings	12,408	3,390	1,547	1,318	216	18,879
Recruitment	3,792	1,200	682	9,215	150	15,039
Equipment rental	5,193	2,466	3,865	2,936	553	15,013
Meetings and orientations	1,295	719	646	9,108	127	11,895
Auto repair and maintenance	2,370	2,394	4,107	-	-	8,871
Pre-employment costs	7,554	412	557	170	121	8,814
Bank and other fees	2,044	111	310	3,532	2,330	8,327
Software- purchase & subs	3,006	1,294	1,219	1,598	193	7,310
Utilities	4,115	2,801	-	-	-	6,916
Postage	2,448	45	153	1,752	664	5,062
Books and subscriptions	1,008	543	230	977	308	3,066
Equipment repair and maintenance	679	284	704	734	110	2,511
Advertising	-	-	-	-	-	-
TOTAL EXPENSES	$ 2,464,003	$ 972,739	$ 791,287	$ 811,977	$ 127,049	$ 5,167,055

See notes to financial statements.

FAMILY SUPPORT SERVICES

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services				Supporting Services		
	Respite Care	Family Preservation	Kinship	Mentoring	Administration	Fundraising	Total
Salaries	$ 1,388,369	$ 633,915	$ 480,075	$ 91,222	$ 497,051	$ 45,450	$ 3,136,082
Employee benefits	235,589	103,982	80,053	21,538	66,646	4,636	512,444
Professional services	155,039	14,962	43,660	4,359	98,617	63,131	379,768
Rent	119,184	86,415	108,456	15,045	58,551	11,134	398,785
Payroll taxes	107,138	48,711	36,181	7,069	36,293	3,258	238,650
Travel and mileage	76,253	16,010	11,153	555	815	83	104,869
Client needs/supplies	14,193	10,962	30,487	4,411	-	-	60,053
Communications	13,523	12,408	11,735	1,294	6,938	1,557	47,455
Insurance	8,150	8,049	5,345	1,150	15,705	481	38,880
Depreciation	13,348	12,752	5,767	1,092	4,801	808	38,568
Supplies and expendable furniture	11,252	10,370	10,577	758	3,332	580	36,869
Printing	7,369	1,397	2,439	186	3,548	1,405	16,344
Building repair and maintenance	4,323	4,081	6,028	462	1,944	358	17,196
Trainings	8,767	3,447	1,967	275	924	169	15,549
Recruitment	4,032	1,861	852	159	3,551	681	11,136
Equipment rental	4,677	2,597	4,351	724	2,757	536	15,642
Meetings and orientations	1,999	1,154	920	227	7,911	214	12,425
Auto repair and maintenance	2,122	2,927	8,500	-	20	-	13,569
Pre-employment costs	8,353	488	688	180	257	-	9,966
Bank and other fees	1,897	48	96	17	3,252	2,204	7,514
Other expenses	-	-	-	-	-	40	40
Utilities	3,529	2,402	-	-	-	-	5,931
Postage	2,304	195	228	561	1,779	1,076	6,143
Books and subscriptions	1,202	582	414	530	1,379	621	4,728
Equipment repair and maintenance	90	2	227	31	116	23	489
Advertising	-	-	-	-	-	20,369	20,369
TOTAL EXPENSES	$ 2,192,702	$ 979,717	$ 850,199	$ 151,845	$ 816,187	$ 158,814	$ 5,149,464

See notes to financial statements.

FAMILY SUPPORT SERVICES

STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2018	Year Ended June 30, 2017
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 25,569	$ 85,539
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	38,624	38,568
Gain on fixed asset disposal	(2,706)	(1,000)
Net gain from investments	(52,852)	(104,403)
(Increase) decrease in:		
Contracts receivable	94,288	(41,045)
Accounts receivable	(14,900)	(52,973)
Prepaids	365	(21,400)
Unemployment reserve	(854)	(1,687)
Deposits	(34,422)	(256)
Increase (decrease) in:		
Accounts payable	(7,982)	17,781
Accrued salaries and benefits	8,426	16,011
Accrued vacation	5,339	(9,224)
Deferred revenue	840	1,235
Unemployment reserve liability	(3,110)	(45,352)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	56,625	(118,206)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of securities	(217,280)	(596,886)
Proceeds from sale of securities	199,646	1,014,197
Proceeds from sale of fixed assets	17,695	1,000
Purchases of property and equipment	(29,866)	(22,215)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(29,805)	396,096
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,820	277,890
CASH AND CASH EQUIVALENTS, beginning of year	647,245	369,355
CASH AND CASH EQUIVALENTS, end of year	$ 674,065	$ 647,245
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ -	$ -

See notes to financial statements.

FAMILY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2018 AND JUNE 30, 2017

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of activities:

Family Support Services (FSS) is a private, nonprofit organization that provides services in Alameda, Contra Costa and San Francisco Counties and has offices in Oakland and San Francisco, California. FSS was formed to provide supportive services to families caring for children with special needs. FSS's mission is to nurture children, youth and caregivers to keep families healthy and intact.

Family Support Services of the Bay Area (FSSBA) was incorporated October 31,1989 and in June 1990, the Organization received their federal, non-profit exemption status. Effective September 23, 2016, the Organization changed its name from Family Support Services of the Bay Area to Family Support Services.

Family Support Services provides the following programs:

- Respite Care Program gives parents and caregivers a break from the daily demands of caring for children who are medically fragile or have developmental disabilities. This program operates in Alameda, San Francisco and Contra Costa Counties.
- Kinship Support Services Program provides support to relative care-givers so they are able to keep their children in their homes. The Organization provides case management, support groups, parenting workshops, legal assistance, and youth services. A significant component of this program is the Kinship Youth Program, a year-round comprehensive after-school and summer program for kinship youth ages 8-18.
- Family Preservation Program supports families identified as at-risk by County Child Welfare departments. The Organization provides intensive home-based services to improve parenting skills and family functioning.
- Growing Up Strong is a mental health program that provides therapy to children exposed to trauma, maltreatment, or violence.

Family Support Services provides highly-trained social workers, mentors, therapists, academic coaches, and respite care providers who deliver services based on each families' unique situation, helping families to create safe, permanent homes for their children.

Basis of accounting:

The financial statements of FSS have been prepared using the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded with incurred.

Cash and cash equivalents:

For purposes of the statement of cash flows, FSS considers all highly liquid investments with initial maturities of three months or less to be cash equivalents.

Contracts and accounts receivables:

Accounts and contracts receivable include various third-party payment arrangements that are stated at the amount management expects to collect. FSS provides for losses on accounts receivable using the allowance method. The allowance is based on past experience, third-party contracts, and other circumstances, which may affect the ability of service recipients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is FSS's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2018 AND JUNE 30, 2017

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fixed assets and depreciation:

Fixed assets are recorded at cost, if purchased, or fair value, if donated. Depreciation is provided over the estimated useful lives of respective assets, normally three to five years, using the straight-line method of depreciation. FSS records acquisitions with a basis of $1,000 or more as fixed assets. Fixed assets purchased under third-party reimbursement arrangements are recorded and depreciated in the above manner, although FSS is required to request disposition instructions from third parties under most of these arrangements.

Income taxes:

FSS has received tax-exempt status under the Internal Revenue Code Section 501(c)(3). The Organization is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. Accordingly, no provision for income taxes has been reflected in these financial statements.

Due to federal tax law changes effective January 1, 2018, management believes the Organization may be subject to unrelated business income tax on certain employee benefits. Management is monitoring related tax matters and believes any tax will be immaterial to the financial statements.

Revenue recognition:

FSS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are classified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. FSS reports support and revenues from donations without donor-imposed restrictions as unrestricted support in the period received.

FSS reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, FSS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Government, local grants and contracts are recognized as revenue to the extent of qualifying expenditures being incurred. Amounts received prior to incurring qualifying expenses are classified in the financial statements as deferred revenue. In addition, government, local grants and contracts with donor-imposed restrictions whose restrictions are met in the same year are reported initially as temporarily restricted, and then the net assets are released from restriction and recorded as unrestricted revenues.

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2018 AND JUNE 30, 2017

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

In-kind support:

FSS records contributed professional services and materials at their estimated fair value on the date of receipt. Contributed services are recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not received through donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses, or additions to property and equipment.

Financial statement presentation:

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of FSS and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations

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

Permanently restricted net assets- The portion of net assets whose use by FSS is limited by donor-imposed stipulations that the net assets be held in perpetuity and its income be used for the stipulated purposes. There were no permanently restricted net assets as of June 30, 2018 and June 30, 2017.

Allocation of shared expenses:

Shared expenses, primarily related to facilities operations, are pooled in various cost centers and allocated to program and supporting activities benefiting from such costs based on the ratio of total direct cost of each activity to the direct cost of all activities benefiting from such expenses.

Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in unrestricted net assets unless a donor restricts their use.

Note 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fair value measurements:

Professional accounting standards establishes a framework for measuring fair value. 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 unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Equity, securities, debt securities, and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Subsequent events:

Management has evaluated subsequent events through November 29, 2018, the date which the financial statements were available for issue. Management has concluded that there were no subsequent events to be disclosed or recognized in the financial statements

Note 2. NATURE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenue and expenses during the reporting period. Significant account estimates reflect in FSS's financial statements include the valuation of investments, the valuation of receivables and the functional allocation of expenses. Actual results may differ from those estimates.

Note 3. CONCENTRATIONS OF CREDIT RISK:

The Agency has several contracts with San Francisco and Alameda County. At June 30, 2018, outstanding amounts from these contracts represent approximately 77% of receivables and at June 30, 2017 outstanding amounts from these contracts represented approximately 86 % of receivables. Total revenue from these contracts represent 92% of total revenue at June 30, 2018 and June 30, 2017.

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash and cash equivalents and investments. Cash and cash equivalents were held in financial institutions in amounts exceeding the guaranteed amounts of the Federal Deposit Insurance Corporation. Investments are held at brokerage firms in amounts which may exceed the guaranteed amount of the Securities Investor Protection Corporation. The Agency has not experienced any losses in such accounts.

Note 4. INVESTMENTS:

Investments consist of the following at June 30:

	June 30, 2018	June 30, 2017
Money market funds	$ 126,905	$ 120,049
Stocks	309,539	308,788
Exchange-traded and close-end funds	492,906	538,440
Corporate fixed income	27,032	35,585
Mutual funds	213,500	96,536
Total investments	$ 1,169,882	$ 1,099,398

Investment income consists of the following at June 30:

	June 30, 2018	June 30, 2017
Interest and dividend income	$ 34,390	$ 29,882
Realized gains	35,108	60,570
Unrealized gains	17,744	43,833
Total investment income	$ 87,242	$ 134,285

Note 4. INVESTMENTS (Continued):

Expenses relating to investment revenues, including custodial fees and investment advisory fees, amounted to $11,983 and $10,836 for the years ended June 30, 2018 and 2017, respectively. The expenses are included in administrative expense in the accompanying Statements of Activities.

The valuation methodologies used by the Agency to determine the fair value of its assets are categorized as follows:

	June 30, 2018			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Trading Securities:				
Money market funds	$ 126,905	$ -	$ -	$ 126,905
Stocks	309,539	-	-	309,539
Exchange-traded and closed-end funds	492,906	-	-	492,906
Corporate fixed income	27,032	-	-	27,032
Mutual funds	213,500	-	-	213,500
	$ 1,169,882	$ -	$ -	$ 1,169,882

	June 30, 2017			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Trading Securities:				
Money market funds	$ 120,049	$ -	$ -	$ 120,049
Stocks	308,788	-	-	308,788
Exchange-traded and closed-end funds	538,440	-	-	538,440
Corporate fixed income	35,585	-	-	35,585
Mutual funds	96,536	-	-	96,536
	$ 1,099,398	$ -	$ -	$ 1,099,398

Note 5. FIXED ASSETS AND DEPRECIATION:

Fixed assets consist of the following at June 30:

	June 30, 2018	June 30, 2017
Furniture and equipment	$ 196,839	$ 196,838
Vehicles	110,840	101,575
Leasehold improvements	18,101	18,101
Totals	325,780	316,514
Less accumulated depreciation	(252,234)	(217,621)
Property and equipment, net	$ 73,546	$ 98,893

Depreciation expense for June 30, 2018 and June 30, 2017 was $38,624 and $38,568, respectively.

Total cost and accumulated depreciation of assets purchased under third-party reimbursement arrangements were as follows at June 30:

	June 30, 2018	June 30, 2017
Furniture and equipment	$ 27,226	$ 27,226
Vehicles	70,675	89,675
Totals	97,901	116,901
Less accumulated depreciation	(88,598)	(76,989)
Property and equipment, net	$ 9,303	$ 39,912

Under such arrangements, FSS may be obligated to return all or part of the acquisition cost upon disposing of the assets.

Note 6. UNEMPLOYMENT RESERVE:

FSS is self-insured for unemployment claims through an arrangement with the 501(c) Agencies Trust (the Trust), whereby quarterly payments are made to the Trust and all claims are reviewed and paid by the Trust. Any excess payments by FSS over claims paid by the Trust, less the proportional share of the Trust's income and expenses, is added to FSS's unemployment reserve and will be returned to FSS if and when the relationship is discontinued. The Trust established the optimum level of account balance for each participant. FSS's account balance was not below that level at June 30, 2018 but was below that level by $3,110 at June 30, 2017. The deficiency is recorded as unemployment reserve liability on the statement of financial position.

FAMILY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2018 AND JUNE 30, 2017

Note 7. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consisted of the following for the year ended June 30, 2018:

	Beginning Balance	Income and Contributions	Released from Restriction	Ending Balance
Support various aspects of Kinship program:				
Kinship youth program	$ 10,000	$ 181,500	$ (145,402)	$ 46,098
Respite for kinship caregivers	6,573	-	(6,573)	-
Oakland Family Preservation	-	20,000	(17,661)	2,339
Future periods	1,013	8,881	(5,673)	4,221
Other	3,050	-	(2,320)	730
	$ 20,636	$ 210,381	$ (177,629)	$ 53,388

Temporarily restricted net assets consisted of the following for the year ended June 30, 2017:

	Beginning Balance	Income and Contributions	Released from Restriction	Ending Balance
Support various aspects of Kinship program:				
Kinship youth program	$ 19,431	$ 123,000	$ (132,431)	$ 10,000
Respite for kinship caregivers	81,752	-	(75,179)	6,573
Mentoring services	8,529	-	(8,529)	-
Oakland Family Preservation	-	20,000	(20,000)	-
Future periods	1,013	-	-	1,013
Other	200	3,230	(380)	3,050
	$ 110,925	$ 146,230	$ (236,519)	$ 20,636

Note 8. IN-KIND CONTRIBUTIONS:

In-kind services received and recorded as "in-kind contributions" in the statements of activities consist of the following at June 30:

	June 30, 2018	June 30, 2017
Legal services	$ 30,000	$ 30,000
Field trips	-	1,403
	$ 30,000	$ 31,403

Note 9. PENSION PLAN:

FSS has a defined contribution plan covering all employees that are at least 21 years of age and have worked more than 1,000 hours in a year, after completion of one year of employment. The total amount contributed by the Company for the years ended June 30, 2018 and June 30, 2017 was $37,433 and $41,275, respectively.

Note 10. LINE OF CREDIT:

FSS has a $300,000 line of credit with Wells Fargo Bank secured by all personal property of FSS with a floating interest rate per annum equal to the greater of the Bank's prime rate plus 0.75% or the floor rate of 5%. The outstanding balance of this line was $0 at June 30, 2018.

Note 11. OPERATING LEASES:

FSS leases its offices in Oakland and San Francisco and certain equipment under various non-cancelable operating lease arrangements. Rents on facility leases are subject to increases annually. The minimum future lease payments under these arrangements are:

Year Ending June 30,	
2019	$ 385,892
2020	394,689
2021	406,342
2022	376,560
2023	364,504
2024-2028	1,947,865
2029	137,691
	$ 4,013,543

Rental expense for the years ended June 30, 2018 and June 30, 2017 was $423,731 and $414,427, respectively.

FAMILY SUPPORT SERVICES

SUPPLEMENTARY INFORMATION

FAMILY SUPPORT SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Federal Grantor Program Title Pass-through Agency	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Foster Care Title IV E			
Passed through Alameda County Social Services Agency	93.658	PO #15306	$ 34,580
Passed through Alameda County Social Services Agency	93.658	PO #15181	110,226
Passed through Alameda County Social Services Agency	93.658	PO #15320	299,947
			$ 444,753
National Family Caregiver Support Title II, Part E			
Passed through Alameda County Area Agency on Aging	93.052	PO #15151	$ 59,369
Temporary Assistance for Needy Families			
Passed through San Francisco Human Services Agency	93.558	PO #101126	$ 345,789
Passed through San Francisco Human Services Agency	93.558	#DPSS17000027	95,520
			$ 441,309
Community Based Child Abuse Prevention			
Passed through San Francisco Human Services Agency	93.590	PO #78912	$ 12,908
TOTAL FEDERAL EXPENDITURES			$ 958,339

See notes to financial statements.

FAMILY SUPPORT SERVICES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Family Support Services under programs of the federal government for the year ended June 30, 2018. 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). Because the Schedule presents only a selected portion of the operations of Family Support Services, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Family Support Services.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Uniform Guidance*, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate:

Family Support Services has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

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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*

The Board of Directors
Family Support Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Support Services, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Support 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 not for the purpose of expressing an opinion on the effectiveness of Family Support Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Family Support Services' internal control.

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

Our consideration of internal control was for the limited purpose described 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Family Support Services financial statements are free of 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 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 association'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.

RINA accountancy corporation

Certified Public Accountants

Oakland, California
November 29, 2018

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

The Board of Directors
Family Support Services

Report on Compliance for Each Major Federal Program

We have audited Family Support Services compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Family Support Services' major federal programs for the year ended June 30, 2018. Family Support Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Family Support Services' 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 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 Family Support 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 Family Support Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Family Support Services 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, 2018.

Report on Internal Control Over Compliance

Management of Family Support 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 Family Support 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 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 Family Support Services' internal control over compliance.

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

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

Purpose of this Report

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

RINA accountancy corporation

Certified Public Accountants

Oakland, California
November 29, 2018

FAMILY SUPPORT SERVICES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDITORS' RESULTS:

1) The auditors' report expresses an unmodified opinion on whether the financial statements of Family Support Services were prepared in accordance with GAAP.

2) No significant deficiencies disclosed during the audit of the financial statements are reported in the 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*. No material weaknesses are reported.

3) No instances of noncompliance material to the financial statements of Family Support Services which would be required to be reported in accordance with *Government Auditing Standard*s were disclosed during the audit.

4) No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported on the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance. No material weaknesses are reported.

5) The auditors' report on compliance for the major federal awards programs for Family Support Services, Inc. expresses an unmodified opinion on all major programs.

6) There are no audit findings required to be reported in accordance with 2 CFR section 200.516(a) reported in this schedule.

7) The programs tested as major federal award programs were:

   Federal Agency: U.S. Department of Health and Human Services
   CFDA: 93.558
   Program title: Temporary Assistance for Needy Families

8) The threshold for distinguishing Type A and B programs was $750,000.

9) Family Support Services qualified as a low risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT:

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT:

None

FAMILY SUPPORT SERVICES

SCHEDULE OF COUNTY OF ALAMEDA CONTRACTS

YEAR ENDED JUNE 30, 2018

	CARI & Foster Respite Services	HIV/AIDS Childcare	Family Caregiver Supp-Respite	Kinship Support Services	EPSDT - Outpt Mental Health	Family Reclaim - SSA	CAPIT - Family Reclaim
TOTAL PROGRAM INCOME	$ 375,126	$ 26,567	$ 74,303	$ 802,392	$ 208,209	$ 241,722	$ 69,457
EXPENDITURES:							
Personnel expense	272,213	22,150	51,018	486,802	160,368	185,580	41,683
Consultants	12,896	198	6,278	8,343	749	2,483	379
Bank and investment fees	947	4	902	210	29	37	11
Occupancy expense	20,159	1,434	4,419	92,699	11,857	15,298	4,435
Operating expense	11,363	961	2,864	28,235	4,835	4,504	1,009
Business insurance	1,376	43	132	4,278	398	513	149
Travel and mileage	11,243	934	3,925	4,919	2,931	5,344	1,926
Client-related expense	613	37	43	18,067	51	1,162	752
Depreciation	1,098	80	250	6,315	505	654	190
Allocated expense	62,334	4,977	13,325	121,408	34,162	40,379	9,496
In-kind expense	-	-	4,500	25,500	-	-	-
TOTAL EXPENDITURES	394,242	30,818	87,656	796,776	215,885	255,954	60,030
AMOUNT REIMBURSED BY ALAMEDA	375,126	26,567	74,303	802,392	208,209	241,722	69,457
REVENUES EXCESS (DEFICIT)	$ (19,116)	$ (4,251)	$ (13,353)	$ 5,616	$ (7,676)	$ (14,232)	$ 9,427

See notes to financial statements.