



FAMILY SUPPORT SERVICES

KEEPING FAMILIES HEALTHY AND INTACT

FAMILY SUPPORT SERVICES

(A California Nonprofit Corporation)

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2021 AND JUNE 30, 2020



Accountants & Advisors

FAMILY SUPPORT SERVICES

TABLE OF CONTENTS JUNE 30, 2021 AND JUNE 30, 2020

	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 - 18
Supplemental information:	
Schedule of Expenditures of Federal Awards	20
Notes to Schedule of Expenditures of Federal Awards	21
Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	22 - 23
Independent auditors' report on compliance for each major program and on internal control over compliance required by the Uniform Guidance	24 - 25
Schedule of Findings and Questioned Costs	26
Schedule of County of Alameda Contracts	27

Independent Auditors' Report

The Board of Directors
Family Support Services

Report on the Financial Statements

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, 2021 and June 30, 2020, 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, 2021 and June 30, 2020, 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 February 7, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Family Support Services' 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 accounting LLP

Certified Public Accountants

Oakland, California

February 7, 2022

FAMILY SUPPORT SERVICES

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
CURRENT:		
Cash and cash equivalents	\$ 1,135,916	\$ 1,250,592
Investments	1,559,492	1,221,074
Contracts receivable	801,482	687,051
Accounts receivable, net of \$0 in allowance	205,135	193,629
Prepaid expenses	<u>101,330</u>	<u>123,624</u>
TOTAL CURRENT ASSETS	3,803,355	3,475,970
PROPERTY AND EQUIPMENT, net	79,505	75,409
OTHER ASSETS:		
Unemployment reserve	10,603	62,231
Deposits	<u>54,590</u>	<u>54,590</u>
TOTAL ASSETS	<u>\$ 3,948,053</u>	<u>\$ 3,668,200</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 141,184	\$ 61,064
Accrued salaries and benefits	191,957	173,173
Accrued vacation	155,591	144,317
Deferred revenue	<u>12,716</u>	<u>18,594</u>
TOTAL CURRENT LIABILITIES	<u>501,448</u>	<u>397,148</u>
LONG-TERM LIABILITIES:		
Deferred rent	215,042	199,826
PPP loan	<u>625,000</u>	<u>625,000</u>
TOTAL LONG-TERM LIABILITIES	<u>840,042</u>	<u>824,826</u>
TOTAL LIABILITIES	<u>1,341,490</u>	<u>1,221,974</u>
NET ASSETS:		
Without donor restrictions	2,312,414	2,185,754
With donor restrictions	<u>294,149</u>	<u>260,472</u>
TOTAL NET ASSETS	<u>2,606,563</u>	<u>2,446,226</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,948,053</u>	<u>\$ 3,668,200</u>

See notes to financial statements.

FAMILY SUPPORT SERVICES

STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without	With	Total	Without	With	Total
	Donor Restrictions	Donor Restrictions		Donor Restrictions	Donor Restrictions	
REVENUE:						
Contract revenue and program fees	\$ 4,304,178	\$ -	\$ 4,304,178	\$ 4,658,141	\$ -	\$ 4,658,141
Grants and contributions	74,893	200,125	275,018	65,330	254,677	320,007
In-kind contributions	30,000	-	30,000	30,000	-	30,000
Fundraising event income, net of costs of \$- (2021) and \$921 (2020)	-	-	-	(921)	-	(921)
Interest and dividend income	37,227	-	37,227	47,281	-	47,281
Net gain (loss) from investments	319,994	-	319,994	(33,200)	-	(33,200)
Investment expenses	(14,109)	-	(14,109)	(12,699)	-	(12,699)
Other income	568	-	568	1,967	-	1,967
Net assets released from restrictions	166,448	(166,448)	-	147,293	(147,293)	-
TOTAL REVENUE	4,919,199	33,677	4,952,876	4,903,192	107,384	5,010,576
EXPENSES:						
Program services:						
Respite care	2,263,022	-	2,263,022	2,463,576	-	2,463,576
Family preservation	897,476	-	897,476	879,702	-	879,702
Kinship	693,560	-	693,560	758,437	-	758,437
Supporting services:						
Administration	857,296	-	857,296	837,588	-	837,588
Fundraising	81,185	-	81,185	168,450	-	168,450
TOTAL EXPENSES	4,792,539	-	4,792,539	5,107,753	-	5,107,753
CHANGE IN NET ASSETS	126,660	33,677	160,337	(204,561)	107,384	(97,177)
NET ASSETS, beginning of year	2,185,754	260,472	2,446,226	2,390,315	153,088	2,543,403
NET ASSETS, end of year	\$ 2,312,414	\$ 294,149	\$ 2,606,563	\$ 2,185,754	\$ 260,472	\$ 2,446,226

See notes to financial statements.

FAMILY SUPPORT SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services		Total
	Family			Administration	Fundraising	
	Respite Care	Preservation	Kinship			
Salaries	\$ 1,424,698	\$ 505,155	\$ 333,734	\$ 420,245	\$ 19,936	\$ 2,703,768
Rent	114,305	114,030	140,779	82,820	11,960	463,894
Employee benefits	247,206	83,674	54,236	76,763	1,867	463,746
Professional services	139,029	11,101	40,802	190,544	21,180	402,656
Payroll taxes	153,810	47,467	31,961	38,071	1,473	272,782
Client needs/supplies	17,785	26,242	35,063	-	15,600	94,690
Supplies and expendable furniture	29,085	35,212	6,882	8,440	3,361	82,980
Communications	19,693	17,952	13,454	7,501	1,140	59,740
Travel and mileage	53,708	376	135	6	17	54,242
Insurance	8,627	15,211	11,044	14,957	743	50,582
Trainings	7,803	7,089	3,464	596	85	19,037
Depreciation	2,054	4,697	8,994	1,809	309	17,863
Printing	8,097	2,408	825	2,268	186	13,784
Auto repair and maintenance	2,956	5,209	4,191	-	-	12,356
Meetings and orientations	2,087	4,178	164	4,552	6	10,987
Equipment rental	3,368	2,874	2,965	1,303	231	10,741
Building repair and maintenance	7,198	3,331	125	65	11	10,730
Bank and other fees	9,861	494	759	3,236	1,590	15,940
Software- purchase & subs	3,365	2,262	1,488	778	138	8,031
Utilities	3,404	2,317	-	-	-	5,721
Recruitment	1,312	3,105	675	300	300	5,692
Books and subscriptions	239	2,472	154	1,024	737	4,626
Pre-employment costs	2,327	495	721	563	-	4,106
Postage	1,005	125	945	1,455	285	3,815
Advertising	-	-	-	-	30	30
TOTAL EXPENSES	\$ 2,263,022	\$ 897,476	\$ 693,560	\$ 857,296	\$ 81,185	\$ 4,792,539

See notes to financial statements.

FAMILY SUPPORT SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services		Total
	Family			Administration	Fundraising	
	Respite Care	Preservation	Kinship			
Salaries	\$ 1,603,814	\$ 553,359	\$ 398,575	\$ 395,285	\$ 64,068	\$ 3,015,101
Employee benefits	279,510	84,311	64,121	58,264	8,704	494,910
Professional services	155,750	8,909	45,388	226,248	42,224	478,519
Rent	116,041	101,535	127,553	74,875	11,425	431,429
Payroll taxes	135,233	43,881	31,134	28,680	4,737	243,665
Travel and mileage	67,688	4,996	2,168	542	66	75,460
Client needs/supplies	13,144	11,327	27,585	35	10,194	62,285
Communications	20,842	17,312	12,979	8,663	1,265	61,061
Insurance	7,262	10,508	9,481	12,197	534	39,982
Depreciation	8,704	9,942	13,567	4,933	783	37,929
Supplies and expendable furniture	6,863	6,917	4,580	4,560	7,577	30,497
Building repair and maintenance	8,522	6,890	6,527	3,555	627	26,121
Printing	6,871	1,585	1,687	2,720	258	13,121
Books and subscriptions	852	1,138	281	8,651	1,221	12,143
Equipment rental	3,498	2,809	3,282	1,399	247	11,235
Advertising	-	-	-	-	11,115	11,115
Trainings	6,715	2,537	1,546	62	127	10,987
Auto repair and maintenance	1,879	2,489	3,202	-	-	7,570
Software- purchase & subs	2,981	1,771	1,275	715	126	6,868
Utilities	4,080	2,777	-	-	-	6,857
Meetings and orientations	1,764	1,897	955	1,286	693	6,595
Bank and other fees	1,945	321	543	1,841	1,795	6,445
Pre-employment costs	4,579	711	690	139	13	6,132
Recruitment	2,978	1,579	851	549	17	5,974
Postage	2,031	176	442	2,375	632	5,656
Equipment repair and maintenance	30	25	25	14	2	96
TOTAL EXPENSES	\$ 2,463,576	\$ 879,702	\$ 758,437	\$ 837,588	\$ 168,450	\$ 5,107,753

See notes to financial statements.

FAMILY SUPPORT SERVICES

STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2021	Year Ended June 30, 2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 160,337	\$ (97,177)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	17,863	37,929
Net (gain) loss from investments	(319,994)	33,200
(Increase) decrease in:		
Contracts receivable	(114,431)	167,062
Accounts receivable	(11,506)	54,731
Prepays	22,294	(6,516)
Unemployment reserve	51,628	7,950
Increase (decrease) in:		
Accounts payable	80,120	(37,218)
Accrued salaries and benefits	18,784	(49,961)
Accrued vacation	11,274	3,883
Deferred revenue	(5,878)	12,996
Deferred rent	15,216	18,507
	(74,293)	145,386
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of securities	(261,901)	(193,403)
Proceeds from sale of securities	243,477	167,594
Purchases of property and equipment	(21,959)	-
	(40,383)	(25,809)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	-	625,000
	-	625,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(114,676)	744,577
CASH AND CASH EQUIVALENTS, beginning of year	1,250,592	506,015
CASH AND CASH EQUIVALENTS, end of year	\$ 1,135,916	\$ 1,250,592
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, 2021 AND JUNE 30, 2020

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 caregivers 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 as well as a mental health program, Growing Up Strong, 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 when incurred.

FAMILY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2021 AND JUNE 30, 2020

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

Financial statement presentation:

FSS reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of these categories are as follows:

Without donor restrictions:

The portion of net assets available for use in general operations and not subject to donor-imposed restrictions.

With donor restrictions:

The portion of net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, this is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been fulfilled.

Cash and cash equivalents:

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

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. Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs consist of quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, and observable inputs other than quoted prices for the assets. Level 3 inputs are unobservable inputs developed based on the best information available and reflect assumptions market participants would use in valuing the asset or liability.

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 net assets without donor restrictions unless a donor restricts their use.

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.

FAMILY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2021 AND JUNE 30, 2020

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 seven 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.

Deferred rent:

Deferred rent represents landlord concessions recorded in connection with the Oakland office lease. It is being amortized over the life of the lease.

Revenue recognition:

In June 2018, FASB issued ASU No. 2018-08, Not-For-Profit Entities – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction based on whether a resource provider is receiving value in return for the resources transferred. Further, the ASU provides additional guidance to help determine whether a contribution is conditional and better distinguish a donor-imposed condition from a donor-imposed restriction. The effective date of this amendment is for fiscal years beginning after December 15, 2018. FSS has implemented the standard in the year ended June 30, 2020.

Unconditional contributions are recorded at their fair value as net assets without donor restrictions or net assets with donor restrictions, depending on the absence or existence of donor-imposed restrictions, as applicable. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. FSS reports support and revenues from donations without donor-imposed restrictions in the period received. Conditional contributions received before they are earned are recorded as deferred revenue.

FSS reports gifts of fixed assets as in-kind contributions without donor restrictions 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 contributions with donor restrictions. 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 grants and contributions with donor restrictions, and then, net assets released from restrictions.

FAMILY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2021 AND JUNE 30, 2020

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

Revenue recognition (continued):

Sponsorships and ticket sales from fundraising events is recorded in the period the event was held.

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.

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.

Allocation of expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

The expenses that are allocated include depreciation, office, and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, professional services, and travel, which are allocated on the basis of direct costs associated with the programs and supporting services.

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.

Subsequent events:

Management has evaluated subsequent events through February 7, 2022, 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.

FAMILY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2021 AND JUNE 30, 2020

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 accounting estimates reflected 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:

FSS has several contracts with San Francisco, Alameda, and Contra Costa Counties. Outstanding amounts from these contracts represent approximately 96% and 88% of receivables at June 30, 2021 and June 30, 2020, respectively. Total revenue from these contracts represents 87% and 93% of total revenue at June 30, 2021 and June 30, 2020, respectively.

Financial instruments that potentially subject FSS 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. FSS has not experienced any losses in such accounts.

Note 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 1,135,916	\$ 1,250,592
Investments	1,559,492	1,221,074
Contracts receivable	801,482	687,051
Accounts receivable	205,135	193,629
	<u>3,702,025</u>	<u>3,352,346</u>
Totals		
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions	<u>(294,149)</u>	<u>(260,472)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,407,876</u>	<u>\$ 3,091,874</u>

FAMILY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2021 AND JUNE 30, 2020

Note 5. INVESTMENTS:

Investments consist of the following at June 30:

	June 30, 2021	June 30, 2020
Money market funds	\$ 33,141	\$ 25,434
Stocks	479,853	305,980
Exchange-traded and close-end funds	686,063	440,970
Corporate fixed income	19,867	24,655
Mutual funds	340,568	424,035
	<u>\$ 1,559,492</u>	<u>\$ 1,221,074</u>

Investment income consists of the following at June 30:

	June 30, 2021	June 30, 2020
Interest and dividend income	\$ 37,227	\$ 47,281
Realized gain	9,676	22,083
Unrealized gain (loss)	310,318	(55,283)
	<u>\$ 357,221</u>	<u>\$ 14,081</u>

Expenses relating to investment revenues, including custodial fees and investment advisory fees, amounted to \$14,109 and \$12,699 for the years ended June 30, 2021 and 2020, respectively. The expenses are included in the accompanying statements of activities.

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

	June 30, 2021			Total
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Trading Securities:				
Money market funds	\$ 33,141	\$ -	\$ -	\$ 33,141
Stocks	479,853	-	-	479,853
Exchange-traded and closed-end funds	686,063	-	-	686,063
Corporate fixed income	19,867	-	-	19,867
Mutual funds	340,568	-	-	340,568
	<u>\$ 1,559,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,559,492</u>

FAMILY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2021 AND JUNE 30, 2020

Note 5. INVESTMENTS (Continued):

	June 30, 2020			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Trading Securities:				
Money market funds	\$ 25,434	\$ -	\$ -	\$ 25,434
Stocks	305,980	-	-	305,980
Exchange-traded and closed-end funds	440,970	-	-	440,970
Corporate fixed income	24,655	-	-	24,655
Mutual funds	424,035	-	-	424,035
	\$ 1,221,074	\$ -	\$ -	\$ 1,221,074

Note 6. FIXED ASSETS AND DEPRECIATION:

Fixed assets consist of the following at June 30:

	June 30, 2021	June 30, 2020
Furniture and equipment	\$ 286,172	\$ 264,213
Vehicles	123,452	123,452
Leasehold improvements	18,101	18,101
	427,725	405,766
Totals	427,725	405,766
Less accumulated depreciation	(348,220)	(330,357)
Property and equipment, net	\$ 79,505	\$ 75,409

Depreciation expense for June 30, 2021 and June 30, 2020 was \$17,863 and \$37,929, respectively.

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

	June 30, 2021	June 30, 2020
Furniture and equipment	\$ 27,226	\$ 27,226
Vehicles	70,675	70,675
	97,901	97,901
Totals	97,901	97,901
Less accumulated depreciation	(97,901)	(97,901)
Property and equipment, net	\$ -	\$ -

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

FAMILY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2021 AND JUNE 30, 2020

Note 7. 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, 2021 and 2020. Had FSS’s account balance been below that level, the deficiency would have been recorded as an unemployment reserve liability on the statements of financial position.

Note 8. PAYCHECK PROTECTION PROGRAM PROMISSORY NOTE:

On May 6, 2020, the Organization received loan proceeds in the amount of \$625,000 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the 24-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months. The Organization used the proceeds for purposes consistent with the PPP and the loan was forgiven October 20, 2021.

Note 9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consisted of the following for the year ended June 30, 2021:

	Beginning Balance	Income and Contributions	Released from Restriction	Ending Balance
Support various aspects of:				
Kinship program:				
Kinship youth program	\$ 175,240	\$ 15,000	\$ (19,762)	\$ 170,478
Respite for kinship caregivers	4,680	59,000	(73,375)	(9,695)
Oakland Family Preservation	20,470	106,000	(52,289)	74,181
Future periods	60,082	20,125	(21,022)	59,185
	\$ 260,472	\$ 200,125	\$ (166,448)	\$ 294,149

FAMILY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2021 AND JUNE 30, 2020

Note 9. NET ASSETS WITH DONOR RESTRICTIONS (Continued):

Net assets with donor restrictions consisted of the following for the year ended June 30, 2020:

	Beginning Balance	Income and Contributions	Released from Restriction	Ending Balance
Support various aspects of:				
Kinship program:				
Kinship youth program	\$ 114,558	\$ 99,100	\$ (38,418)	\$ 175,240
Respite for kinship caregivers	26,227	25,000	(46,547)	4,680
Oakland Family Preservation	6,577	50,000	(36,107)	20,470
Future periods	5,726	80,577	(26,221)	60,082
	\$ 153,088	\$ 254,677	\$ (147,293)	\$ 260,472

Note 10. IN-KIND CONTRIBUTIONS:

In-kind services received and recorded as “in-kind contributions” in the statements of activities consist of legal services at June 30, 2021 and June 30, 2020.

Note 11. 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 FSS for the years ended June 30, 2021 and June 30, 2020 was \$32,676 and \$32,926, respectively.

Note 12. 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,	
2022	\$ 422,705
2023	375,163
2024	371,794
2025	379,230
2026	389,360
2027-2029	945,171
	\$ 2,883,423

Rental expense for the years ended June 30, 2021 and June 30, 2020 was \$474,635 and \$442,664, respectively.

FAMILY SUPPORT SERVICES

NOTES TO FINANCIAL STATEMENTS – JUNE 30, 2021 AND JUNE 30, 2020

Note 13. COVID-19 IMPACT:

Our ongoing response to the COVID-19 outbreak continues to temporarily impact our service delivery to some of our clients. There has been no reduction in our operating hours and any reduction in our services to our clients has been minimal. All Programs, however, have temporarily altered their operations to a virtual service delivery model, with only occasional in-person meetings or trainings as needed. The organization at this time is anticipating only minimal, if any, negative impact from effects of COVID-19 on its ongoing operation. Most staff are fully vaccinated, and currently work a hybrid schedule with hours split between on-site and working remotely.

FAMILY SUPPORT SERVICES

SUPPLEMENTARY INFORMATION

FAMILY SUPPORT SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor Program Title Pass-through Agency	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
<u>Foster Care Title IV E</u>			
Passed through Alameda County Social Services Agency	93.658	PO #17500	\$ <u>11,876</u>
<u>Temporary Assistance for Needy Families</u>			
Passed through San Francisco Human Services Agency	93.558	PO #460160	227,473
Passed through San Francisco Human Services Agency	93.558	PO #373261	<u>7,309</u>
			<u>234,782</u>
<u>Promoting Safe and Stable Families</u>			
Passed through Alameda County Social Services Agency	93.556	PO #16915	28,808
Passed through Alameda County Social Services Agency	93.556	PO #17613	<u>182,622</u>
			<u>211,430</u>
<u>Social Services Block Grant</u>			
Passed through Alameda Counts Social Services Agency	93.667	PO #17500	306,132
Passed through Alameda Counts Social Services Agency	93.667	PO #16932	<u>42,627</u>
			<u>348,759</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ <u>806,847</u></u>

See notes to schedule of federal expenditures.

FAMILY SUPPORT SERVICES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

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, 2021. 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.

**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, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 7, 2022.

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. However, material weaknesses may exist that have not been identified.

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 accounting LLP

Certified Public Accountants

Oakland, California
February 7, 2022



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, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2021.

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.

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 accounting LLP

Certified Public Accountants

Oakland, California
February 7, 2022

FAMILY SUPPORT SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

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 Standards* 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 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: 93.667
 - Program title: Kinship Support Services for North County
- 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, 2021

	CARI & Foster Respite Services	HIV/AIDS Childcare	Family Caregiver Supp- Respite	Kinship Support Services	EPSDT - Output Mental Health	Family Reclaim - SSA	CAPIT - Family Reclaim
TOTAL PROGRAM INCOME	\$ 386,825	\$ 9,698	\$ 60,077	\$ 729,400	\$ 125,731	\$ 268,371	\$ 58,536
EXPENDITURES:							
Personnel expense	310,677	9,973	44,116	374,598	101,508	183,527	37,403
Consultants	742	17	7,318	9,910	934	745	201
Bank and investment fees	899	34	145	397	134	107	29
Occupancy expense	16,806	373	2,804	125,382	22,793	18,182	4,909
Operating expense	17,653	280	2,137	33,623	4,621	11,912	730
Business insurance	1,271	23	173	10,260	1,415	2,704	305
Travel and mileage	5,738	620	608	21	58	60	2
Client-related expense	721	10	74	5,394	139	2,013	1,119
Depreciation	434	10	72	8,732	588	469	127
Allocated expense	79,158	2,546	12,925	128,444	29,602	49,088	9,880
In kind expense	-	-	4,500	25,500	-	-	-
TOTAL EXPENDITURES	434,099	13,886	74,872	722,261	161,792	268,807	54,705
AMOUNT REIMBURSED BY ALAMEDA COUNTY	386,825	9,698	60,077	729,400	125,731	268,371	58,536
REVENUES EXCESS (DEFICIT)	<u>\$ (47,274)</u>	<u>\$ (4,188)</u>	<u>\$ (14,795)</u>	<u>\$ 7,139</u>	<u>\$ (36,061)</u>	<u>\$ (436)</u>	<u>\$ 3,831</u>

See notes to financial statements.