



# FAMILY SUPPORT SERVICES

KEEPING FAMILIES HEALTHY AND INTACT

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION  
JUNE 30, 2023 AND 2022**

# FAMILY SUPPORT SERVICES

## TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1 - 3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 20
Supplemental Information	
Unaudited Schedule of County of Alameda Contracts	22
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	23 - 24

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Family Support Services

### **Opinion**

We have audited the accompanying financial statements of Family Support Services (a California nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Family Support Services as of June 30, 2023 and 2022, 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.

### **Basis for Opinion**

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

### **Emphasis of Matter**

As discussed in Note B to the financial statements, as of July 1, 2022, the Company adopted Accounting Standards Update (ASU) No. 2016-02 "Leases" (ASC Topic 842). Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Family Support Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Support Services' ability to continue as a going concern for a reasonable period of time.

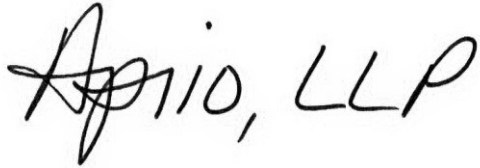
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Supplemental Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on page 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2024, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in black ink that reads "Aptio, LLP". The signature is written in a cursive, flowing style with some overlapping letters.

San Francisco, CA  
February 13, 2024

**FAMILY SUPPORT SERVICES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30,**

**ASSETS**

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash	\$ 101,770	\$ 917,072
Contracts receivable	1,257,054	762,327
Prepaid expenses	<u>121,645</u>	<u>124,009</u>
Total current assets	<u>1,480,469</u>	<u>1,803,408</u>
 Property and equipment, net	 <u>37,239</u>	 <u>57,312</u>
Other assets:		
Investments	1,408,628	1,331,213
Unemployment reserve	17,794	13,082
Deposits	54,290	54,290
Right of use assets - leases	<u>1,907,950</u>	<u>-</u>
Total other assets	<u>3,388,662</u>	<u>1,398,585</u>
 Total assets	 <u>\$ 4,906,370</u>	 <u>\$ 3,259,305</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable	\$ 114,578	\$ 63,349
Accrued salaries and benefits	281,928	185,022
Accrued vacation	34,264	142,143
Right of use liabilities, current portion	<u>490,040</u>	<u>-</u>
Total current liabilities	<u>920,810</u>	<u>390,514</u>
Long-term liabilities:		
Right of use liabilities, net of current portion	1,629,249	-
Deferred rent	<u>-</u>	<u>213,100</u>
Total long-term liabilities	<u>1,629,249</u>	<u>213,100</u>
 Total liabilities	 <u>2,550,059</u>	 <u>603,614</u>
Net assets:		
Without donor restrictions	2,310,464	2,404,880
With donor restrictions	<u>45,847</u>	<u>250,811</u>
Total net assets	<u>2,356,311</u>	<u>2,655,691</u>
 Total liabilities and net assets	 <u>\$ 4,906,370</u>	 <u>\$ 3,259,305</u>

See independent auditors' report and notes to financial statements

**FAMILY SUPPORT SERVICES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contract revenue and program fees	\$ 4,051,475	\$ -	\$ 4,051,475
Grants and contributions	46,987	144,125	191,112
In-kind contributions	30,000	-	30,000
Special events	21,731	-	21,731
Investment income, net	153,076	-	153,076
Other income	1,279	-	1,279
Net assets released from restrictions	<u>349,089</u>	<u>(349,089)</u>	<u>-</u>
Total revenues and other support	<u>4,653,637</u>	<u>(204,964)</u>	<u>4,448,673</u>
Expenses:			
Program services	3,746,260	-	3,746,260
Administration	953,199	-	953,199
Fundraising	<u>48,594</u>	<u>-</u>	<u>48,594</u>
Total expenses	<u>4,748,053</u>	<u>-</u>	<u>4,748,053</u>
Change in net assets	(94,416)	(204,964)	(299,380)
Net assets, beginning of year	<u>2,404,880</u>	<u>250,811</u>	<u>2,655,691</u>
Net assets, end of year	<u>\$ 2,310,464</u>	<u>\$ 45,847</u>	<u>\$ 2,356,311</u>

See independent auditors' report and notes to financial statements

**FAMILY SUPPORT SERVICES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Contract revenue and program fees	\$ 3,899,538	\$ -	\$ 3,899,538
Grants and contributions	63,225	107,826	171,051
Paycheck Protection Program loan forgiveness	625,000	-	625,000
In-kind services	30,000	-	30,000
Special events	24,736	-	24,736
Investment loss, net	(228,279)	-	(228,279)
Interest Income	559	-	559
Other income	9,248	-	9,248
Net assets released from restrictions	<u>151,164</u>	<u>(151,164)</u>	<u>-</u>
Total revenues and other support	<u>4,575,191</u>	<u>(43,338)</u>	<u>4,531,853</u>
Expenses:			
Program services	3,556,640	-	3,556,640
Administration	837,985	-	837,985
Fundraising	<u>88,100</u>	<u>-</u>	<u>88,100</u>
Total expenses	<u>4,482,725</u>	<u>-</u>	<u>4,482,725</u>
Change in net assets	92,466	(43,338)	49,128
Net assets, beginning of year	<u>2,312,414</u>	<u>294,149</u>	<u>2,606,563</u>
Net assets, end of year	<u>\$ 2,404,880</u>	<u>\$ 250,811</u>	<u>\$ 2,655,691</u>

See independent auditors' report and notes to financial statements

**FAMILY SUPPORT SERVICES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services			Supporting Services			
	Respite Care	Family Preservation	Kinship	Total Program Services	Administration	Fundraising	Total
Salaries and related expenses:							
Salaries and wages	\$ 1,216,369	\$ 504,621	\$ 377,435	\$ 2,098,425	\$ 419,345	\$ 16,417	\$ 2,534,187
Employee benefits	172,381	60,810	55,100	288,291	70,784	1,582	360,657
Payroll taxes	<u>94,715</u>	<u>43,650</u>	<u>29,026</u>	<u>167,391</u>	<u>47,385</u>	<u>1,358</u>	<u>216,134</u>
Total salaries and related expenses	<u>1,483,465</u>	<u>609,081</u>	<u>461,561</u>	<u>2,554,107</u>	<u>537,514</u>	<u>19,357</u>	<u>3,110,978</u>
Non-personnel costs:							
Professional services	186,646	24,568	42,871	254,085	255,568	8,908	518,561
Rent	122,659	123,647	156,682	402,988	73,400	13,298	489,686
Client needs and supplies	27,510	47,440	47,954	122,904	-	-	122,904
Insurance	44,991	20,930	19,192	85,113	21,156	1,099	107,368
Communications	25,732	19,516	12,530	57,778	7,870	1,371	67,019
Recruitment	6,444	12,399	172	19,015	42,026	434	61,475
Supplies and expendable furniture	23,431	29,951	3,479	56,861	3,226	250	60,337
Travel and mileage	46,803	2,587	199	49,589	876	36	50,501
Meetings and orientations	3,426	23,798	616	27,840	505	45	28,390
Printing	17,388	5,575	1,981	24,944	2,296	116	27,356
Depreciation	3,052	5,740	8,330	17,122	2,508	444	20,074
Building repairs and maintenance	4,937	12,988	357	18,282	186	33	18,501
Trainings	2,664	4,408	3,238	10,310	200	33	10,543
Auto repairs and maintenance	2,523	3,341	3,545	9,409	50	-	9,459
Information technology	3,060	3,500	1,338	7,898	700	124	8,722
Equipment rental	2,783	2,406	2,153	7,342	1,126	199	8,667
Utilities	5,015	3,414	-	8,429	-	-	8,429
Bank and other fees	2,067	500	768	3,335	1,875	1,695	6,905
Books and subscriptions	2,013	832	189	3,034	444	804	4,282
Pre-employment costs	1,668	551	1,072	3,291	540	2	3,833
Postage	646	78	1,124	1,848	1,133	287	3,268
Equipment repair and maintenance	<u>438</u>	<u>298</u>	<u>-</u>	<u>736</u>	<u>-</u>	<u>59</u>	<u>795</u>
Total non-personnel costs	<u>535,896</u>	<u>1,566,629</u>	<u>1,230,912</u>	<u>3,333,437</u>	<u>415,685</u>	<u>29,237</u>	<u>1,637,075</u>
Total expenses	<u>\$ 2,019,361</u>	<u>\$ 957,548</u>	<u>\$ 769,351</u>	<u>\$ 3,746,260</u>	<u>\$ 953,199</u>	<u>\$ 48,594</u>	<u>\$ 4,748,053</u>

See independent auditors' report and notes to financial statements.

**FAMILY SUPPORT SERVICES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services			Supporting Services		Total	
	Respite Care	Family Preservation	Kinship	Total Program Services	Administration		Fundraising
Salaries and related expenses:							
Salaries and wages	\$ 1,292,606	\$ 486,772	\$ 337,013	\$ 2,116,391	\$ 503,210	\$ 17,265	\$ 2,636,866
Employee benefits	225,964	72,801	53,486	352,251	90,457	1,551	444,259
Payroll taxes	<u>105,291</u>	<u>38,903</u>	<u>30,479</u>	<u>174,673</u>	<u>43,091</u>	<u>1,153</u>	<u>218,917</u>
Total salaries and related expenses	<u>1,623,861</u>	<u>598,476</u>	<u>420,978</u>	<u>2,643,315</u>	<u>636,758</u>	<u>19,969</u>	<u>3,300,042</u>
Non-personnel costs:							
Rent	118,396	119,291	150,525	388,212	69,719	12,678	470,609
Professional services	122,955	18,311	42,065	183,331	79,199	29,349	291,879
Communications	23,047	20,225	14,235	57,507	7,385	1,277	66,169
Client needs and supplies	7,977	17,073	19,498	44,548	45	17,877	62,470
Insurance	10,726	17,841	14,407	42,974	17,884	1,113	61,971
Travel and mileage	53,113	1,725	93	54,931	72	18	55,021
Supplies and expendable furniture	15,308	10,526	4,690	30,524	7,264	565	38,353
Depreciation	3,060	5,744	10,442	19,246	2,504	443	22,193
Printing	5,052	4,001	1,944	10,997	1,828	5	12,830
Trainings	4,160	5,885	1,267	11,312	191	21	11,524
Bank and other fees	3,639	512	786	4,937	4,554	1,754	11,245
Meetings and orientations	3,827	620	144	4,591	6,309	13	10,913
Recruitment	3,102	5,677	834	9,613	525	750	10,888
Auto repairs and maintenance	1,243	4,843	4,377	10,463	-	-	10,463
Building repairs and maintenance	5,341	4,196	513	10,050	190	34	10,274
Equipment rental	3,271	2,779	2,521	8,571	1,217	215	10,003
Utilities	4,551	3,098	-	7,649	-	476	8,125
Information technology	2,718	1,743	1,207	5,668	641	112	6,421
Pre-employment costs	3,023	555	892	4,470	13	-	4,483
Postage	678	75	1,162	1,915	1,473	250	3,638
Books and subscriptions	<u>780</u>	<u>666</u>	<u>370</u>	<u>1,816</u>	<u>214</u>	<u>1,181</u>	<u>3,211</u>
Total non-personnel costs	<u>395,967</u>	<u>245,386</u>	<u>271,972</u>	<u>913,325</u>	<u>201,227</u>	<u>68,131</u>	<u>1,182,683</u>
Total expenses	<u>\$ 2,019,828</u>	<u>\$ 843,862</u>	<u>\$ 692,950</u>	<u>\$ 3,556,640</u>	<u>\$ 837,985</u>	<u>\$ 88,100</u>	<u>\$ 4,482,725</u>

See independent auditors' report and notes to financial statements.

**FAMILY SUPPORT SERVICES  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,**

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (299,380)	\$ 49,128
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	20,074	22,193
Paycheck Protection Program loan forgiveness	-	(625,000)
Net (gain) loss from investments	(126,647)	247,888
Right of use assets - leases	(1,907,950)	-
(Increase) decrease in assets:		
Contracts receivable	(494,727)	244,290
Prepaid expenses	2,364	(22,679)
Unemployment reserve	(4,712)	(2,479)
Deposits	-	300
Increase (decrease) in liabilities:		
Accounts payable	51,228	(77,835)
Accrued salaries and benefits	96,906	(6,935)
Accrued vacation	(107,879)	(13,448)
Deferred revenue	-	(12,716)
Deferred rent	(213,100)	(1,942)
Right of use assets liabilities	2,119,289	-
Net cash used in operating activities	(864,534)	(199,235)
Cash flows from investing activities:		
Proceeds from sale of securities	240,637	287,456
Purchases of securities	(191,405)	(307,065)
Net cash provided by (used in) investing activities	49,232	(19,609)
Net decrease in cash	(815,302)	(218,844)
Cash, beginning of year	917,072	1,135,916
Cash, end of year	\$ 101,770	\$ 917,072

See independent auditors' report and notes to financial statements

**FAMILY SUPPORT SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note A**

**Nature of Organization**

Family Support Services (“the Organization”) 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. The Organization was formed to provide supportive services to families caring for children with special needs. The Organization’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.

The Organization 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.

The Organization 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.

**Note B**

**Summary of Significant Accounting Policies**

**Basis of Accounting:**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when rights to receive them are earned, or when services have been provided, and expenditures are recorded when an obligation to pay is incurred.

**FAMILY SUPPORT SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note B**  
**Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation:**

The Organization reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.
- Net Assets With Donor Restrictions: Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

**Net Assets Released from Donor Restrictions:**

Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

**Other Basis of Presentation Policies:**

Revenues or support are reported as increases in net assets without donor restriction unless subject to donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless restricted by explicit donor stipulation or by law.

**Concentrations of Credit Risk:**

The Organization has several contracts with San Francisco, Oakland, Alameda, and Contra Costa Counties. Outstanding amounts from these contracts represent approximately 91% and 80% of receivables at June 30, 2023 and 2022, respectively. Total revenue from these contracts represents 91% and 86% of total revenue at June 30, 2023 and 2022, respectively.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally investments. Investments are held at brokerage firms in amounts which may exceed the guaranteed amount of the Securities Investor Protection Corporation. The Organization has not experienced any losses in such accounts.

**Concentration of Credit Risks Arising From Cash Deposits in Excess of Insured Limits:**

The Organization maintains cash balances at one commercial bank, these balances can exceed the FDIC insured deposit limit of \$250,000 per financial institution. At June 30, 2023 and 2022, the Organization's cash balances held at the commercial bank exceeded the FDIC limit by \$- and \$667,072, respectively. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

**FAMILY SUPPORT SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note B**  
**Summary of Significant Accounting Policies (Continued)**

Contracts Receivable:

Contracts receivable include various third-party payment arrangements that are stated at the amount management expects to collect. The Organization 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 the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. No amounts were considered uncollectible as of June 30, 2023 and 2022.

Property and Equipment:

Property and equipment 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. The Organization records acquisitions with a basis of \$1,000 or more as fixed assets. Property and equipment purchased under third-party reimbursement arrangements are recorded and depreciated in the above manner, although the Organization is required to request disposition instructions from third parties under most of these arrangements.

Revenue Recognition:

Contract and program fees:

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.

Contributions and grants:

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Fees and grants from governmental agencies that are deemed to be exchange transactions are not treated as contributions.

Special events:

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

**FAMILY SUPPORT SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note B**  
**Summary of Significant Accounting Policies (Continued)**

Contributed Property and Equipment:

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated Services:

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Additionally, volunteers donate a significant amount of time to the Organization's program services. The fair value of these donated services are not recognized in the statement of activities since they do not meet the criteria for recognition under generally accepted accounting principles.

Income Taxes:

The Organization 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.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to The Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Organization's tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Leases:

The Organization adopted ASC 842 – Leases effective July 1, 2022, with all the available practical expedients, retrospectively at the beginning of the period of adoption. There was no retained earnings impact on the adoption of ASC 842. The Organization recognizes and measures its leases in accordance with ASC 842 Leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Organization recognizes a lease liability and a right of use (ROU) asset at the commencement date of each lease. The lease liability is initially and subsequently recognized based on the present value of the contract's future lease payments.

**FAMILY SUPPORT SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note B**  
**Summary of Significant Accounting Policies (Continued)**

Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate, if it is readily determinable, or the Organization's incremental borrowing rate, or a risk-free rate, determine using a period comparable with that of the lease term. The Organization elects to use the risk-free rate as the discount rate. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term. When contracts contain lease and non-lease components, the Organization accounts for both components as a single lease component.

**Functional Allocation of Expenses:**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services. The expenses that are allocated include depreciation, rent, and utilities, which are allocated on a square-footage basis, as well as salaries, employee benefits and payroll taxes by estimated time spent. 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.

**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 inactive markets that the Organization has the ability to access.
  
- Level 2        Inputs to the valuation methodology include:
  - Quoted market prices for similar assets or liability 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; and
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**FAMILY SUPPORT SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note B**  
**Summary of Significant Accounting Policies (Continued)**

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.

***Corporate bonds:*** Valued based upon reports provided by the fund manager.

The Organization has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Organization could realize in a current market exchange. The use of difference assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of June 30, 2023 and 2022. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

**Reclassifications:**

Certain reclassifications have been made to the prior year financial statements in order to make prior year amounts comparable to those of the current year. Such reclassifications had no effect on previously reported net assets or changes in net assets.

**Note C**  
**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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**FAMILY SUPPORT SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note D**

**Liquidity and Availability of Resources**

The following reflects the Organization's financial assets as of the statements of financial position date, reduced by amounts not available for general use due to donor-imposed restrictions within one year of the balance sheet date.

	<u>2023</u>	<u>2022</u>
Financial assets available for general expenditure within one year:		
Cash	\$ 101,770	\$ 917,072
Investments	1,408,628	1,331,213
Contracts receivable	<u>1,257,054</u>	<u>762,327</u>
Total financial assets	2,767,452	3,010,612
Less: donor-restricted	<u>(45,847)</u>	<u>(250,811)</u>
Total financial assets available for general expenditure within one year	<u>\$ 2,721,605</u>	<u>\$ 2,759,801</u>

**Note E**

**Property and Equipment**

The following is a summary of property and equipment at June 30:

	<u>2023</u>	<u>2022</u>
Equipment and furniture	\$ 286,172	\$ 286,172
Vehicles	123,452	123,452
Leasehold improvements	<u>18,101</u>	<u>18,101</u>
	427,725	427,725
Less: accumulated depreciation	<u>(390,486)</u>	<u>(370,413)</u>
Property and equipment, net	<u>\$ 37,239</u>	<u>\$ 57,312</u>

Depreciation expense for the years ended June 30, 2023 and 2022, totaled \$20,074 and \$22,193, respectively.

**Note F**

**Investments**

Investments consisted of the following at June 30:

	<u>Assets at Fair Value as of June 30, 2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Investments:				
Money market funds	\$ 18,114	\$ -	\$ -	\$ 18,114
Corporate fixed income	13,759	-	-	13,759
Equity securities and mutual funds:				
Stocks	500,900	-	-	500,900
Mutual funds	242,681	-	-	242,681
Exchange-traded and close-ended funds	<u>633,174</u>	<u>-</u>	<u>-</u>	<u>633,174</u>
Total assets at fair value	<u>\$ 1,408,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,408,628</u>

**FAMILY SUPPORT SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note F  
Investments (Continued)**

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total Fair Value
Investments:				
Money market funds	\$ 27,822	\$ -	\$ -	\$ 27,822
Corporate fixed income	13,345	-	-	13,345
Equity securities and mutual funds:				
Stocks	438,417	-	-	438,417
Mutual funds	251,348	-	-	251,348
Exchange-traded and close-ended funds	600,281	-	-	600,281
Total assets at fair value	\$ 1,331,213	\$ -	\$ -	\$ 1,331,213

All the Organizations investments are Level One.

Investment income (loss) consists of the following for the years ended June 30:

	2023	2022
Interest and dividend income	\$ 42,268	\$ 37,098
Fees	(15,839)	(17,489)
Realized gain	(5,609)	8,419
Unrealized gain (loss)	132,256	(256,307)
	\$ 153,076	\$ (228,279)

**Note G  
Leases**

The Organization as a lessee primarily for office space and equipment. The leases are classified as operating leases. Payments due under the lease contracts include mainly fixed payments. ASC 842 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months). As of June 30, 2023, the Organization has no short-term lease expense.

The components of the leases for the year ended June 30, 2023, are as follows:

	Amount
Operating lease cost	\$ 635,921
Cash paid for amounts included in the measurement of lease liabilities - operating leases	\$ 646,134
Lease liabilities arising from obtaining right of use assets	\$ 463,545
Weighted-average remaining lease term - operating leases	4.78
Weighted-average discount rate - operating leases	3.38 %

**FAMILY SUPPORT SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note G**  
**Leases (Continued)**

Maturities of the lease liability under the noncancelable operating leases as of June 30, 2023, are as follows:

<u>Year Ending June 30</u>	<u>Total Lease Payment</u>
2024	\$ 575,802
2025	385,367
2026	390,315
2027	399,375
2028	409,621
Thereafter	<u>137,692</u>
Total undiscounted lease payments	2,298,172
Less: imputed interest	<u>(178,883)</u>
Total lease liability	<u>\$ 2,119,289</u>

**Note H**  
**Retirement Plan**

The Organization has a defined contribution plan, 403(b), 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 Organization matches funds up to a percentage of an employees contributions as determined by the board of directors each fiscal year. The total amount contributed by the Organization for the years ended June 30, 2023 and June 30, 2022 was \$37,014 and \$39,723, respectively.

**Note I**  
**Unemployment Reserve**

The Organization 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 the Organization over claims paid by the Trust, less the proportional share of the Trust's income and expenses, is added to the Organization's unemployment reserve and will be returned to the Organization if and when the relationship is discontinued. The Trust established the optimum level of account balance for each participant. The Organization's account balance was not below that level at June 30, 2023 and 2022. Had the Organization's account balance been below that level, the deficiency would have been recorded as an unemployment reserve liability on the statements of financial position.

**FAMILY SUPPORT SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note J**

**Net Assets With Donor Restrictions**

The Organization reports gifts of cash and other assets as net assets with donor restrictions if there are restrictions received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the restricted net assets are transferred to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as net assets without donor restrictions.

Net assets with donor restrictions consist of the following as of June 30, 2023:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Contributions and Income</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Kinship:					
Kinship Youth	\$ 88,210	\$ -	\$ 26,000	\$ (114,210)	\$ -
Kinship Support Services	32,377	-	5,000	(37,377)	-
Oakland Family Preservation	34,204	-	80,000	(78,861)	35,343
Future periods	<u>96,020</u>	<u>-</u>	<u>33,125</u>	<u>(118,641)</u>	<u>10,504</u>
	<u>\$ 250,811</u>	<u>\$ -</u>	<u>\$ 144,125</u>	<u>\$ (349,089)</u>	<u>\$ 45,847</u>

Net assets with donor restrictions consist of the following as of June 30, 2022:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Contributions and Income</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Kinship:					
Kinship Youth	\$ 92,154	\$ -	\$ 31,000	\$ (34,944)	\$ 88,210
Kinship Support Services	68,630	-	36,000	(72,253)	32,377
Oakland Family Preservation	74,181	-	-	(39,977)	34,204
Future periods	<u>59,184</u>	<u>-</u>	<u>40,826</u>	<u>(3,990)</u>	<u>96,020</u>
	<u>\$ 294,149</u>	<u>\$ -</u>	<u>\$ 107,826</u>	<u>\$ (151,164)</u>	<u>\$ 250,811</u>

**Note K**

**Donated Services**

The Organization receives significant in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

During years ended June 30, 2023 and 2022, the Organization received donated legal services.

**FAMILY SUPPORT SERVICES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**Note K**  
**Donated Services and Assets (Continued)**

Donated services consisted of the following as of June 30, 2023:

	<u>Donated Services</u>	<u>Total</u>
Kinship Services	\$ 25,500	\$ 25,500
Respite Oakland	<u>4,500</u>	<u>4,500</u>
Total	<u>\$ 30,000</u>	<u>\$ 30,000</u>

Donated services consisted of the following as of June 30, 2022:

	<u>Donated Services</u>	<u>Total</u>
Kinship Services	\$ 25,500	\$ 25,500
Respite Oakland	<u>4,500</u>	<u>4,500</u>
Total	<u>\$ 30,000</u>	<u>\$ 30,000</u>

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

Donated legal services are valued at the standard hourly rates charged for those services.

**Note L**  
**Subsequent Events**

Management considered all events through February 13, 2024, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. The Organization is not aware of any other significant events that occurred subsequent to June 30, 2023, but prior to the issuance of this report, that would have a material impact on the financial statements.

**SUPPLEMENTAL INFORMATION**

**FAMILY SUPPORT SERVICES**  
**UNAUDITED SCHEDULE OF COUNTY OF ALAMEDA CONTRACTS**  
**JUNE 30, 2023**

	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
Total program income	\$ <u>381,161</u>	\$ <u>12,385</u>	\$ <u>92,532</u>	\$ <u>878,904</u>	\$ <u>122,108</u>	\$ <u>247,436</u>	\$ <u>89,882</u>	\$ <u>1,824,408</u>
Expenditures:								
Personnel expenses	299,286	4,807	68,418	429,143	97,342	165,756	44,300	1,109,052
Allocated expenses	84,718	1,756	18,614	171,020	35,248	51,282	13,932	376,571
Occupancy expenses	18,713	414	3,105	147,942	25,378	20,244	5,465	221,261
Operating expenses	8,670	157	1,538	30,296	4,210	6,902	794	52,567
Client-related expenses	1,687	7	23	27,626	13	8,806	8,210	46,372
In-kind expenses	-	-	4,500	25,500	-	-	-	30,000
Business insurance	1,374	30	228	13,578	1,863	1,486	401	18,960
Consultants	769	17	128	11,421	3,186	832	225	16,577
Depreciation	623	14	103	8,330	845	674	182	10,770
Travel and mileage	4,411	-	336	109	953	601	235	6,645
Out of home providers	-	1,158	5,152	-	-	-	-	6,310
Bank and investment fees	<u>559</u>	<u>19</u>	<u>73</u>	<u>768</u>	<u>135</u>	<u>108</u>	<u>29</u>	<u>1,691</u>
Total expenditures	420,810	8,379	102,218	865,733	169,173	256,691	73,773	1,896,776
Amount reimbursed by Alameda County	<u>381,161</u>	<u>12,385</u>	<u>92,532</u>	<u>878,904</u>	<u>122,108</u>	<u>247,436</u>	<u>89,882</u>	<u>1,824,408</u>
Program income (loss)	\$ <u>(39,649)</u>	\$ <u>4,006</u>	\$ <u>(9,686)</u>	\$ <u>13,171</u>	\$ <u>(47,065)</u>	\$ <u>(9,255)</u>	\$ <u>16,109</u>	\$ <u>(72,368)</u>

See independent auditors' report and notes to financial statements.

**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**

To 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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Family Support Services' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Family Support Services' internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

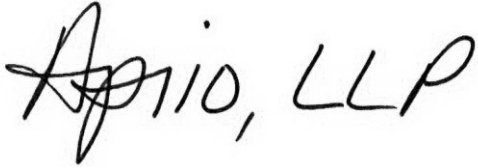
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

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

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, flowing style.

San Francisco, CA  
February 13, 2024