

**COMMUNITY RESOURCES FOR CHILDREN**

**REPORT ON SINGLE AUDIT OF  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**VASIN, HEYN & COMPANY**

*ABOVE THE BRIGHT LINE*

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AN ACCOUNTANCY CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
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**FOR THE YEAR ENDED JUNE 30, 2018**

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**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**GENERAL INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Agency Name:	Community Resources for Children
Program Numbers/Type	Contract Numbers: C2AP-7037 Alternative Payment – Stage 2 C3AP-7036 Alternative Payment – Stage 3 CAPP-7040 Alternative Payment CCIP-7038 Child Care Initiative Project CHST-7038 CCDF Health & Safety CRRP-7038 Resource & Referral
Type of Agency:	A California Non-Profit Corporation
Agency Address:	3299 Claremont Way, Suite 1 Napa, CA 94558
Name and Address of Executive Director:	Erika Lubensky 3299 Claremont Way, Suite 1 Napa, CA 94558
Telephone Number:	(707) 253-0376
Period Covered by Examination:	July 1, 2017 through June 30, 2018
Number of Days of Agency Operation:	246 days
Scheduled Hours of Operation Each Day:	Monday - Thursday      9:00 a.m. to 5:00 p.m. Friday                      10:00 a.m. to 4:00 p.m.



## VASIN, HEYN & COMPANY

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Community Resources for Children  
(A California Non-Profit Corporation)  
Napa, California

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of Community Resources for Children (A California Non-Profit Corporation) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

## INDEPENDENT AUDITORS' REPORT (Continued)

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Resources for Children as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Schedule of Activities, Combining Schedule of Renovation and Repair Expenditures, Combining Schedule of Equipment Expenditures, Combining Schedule of Administrative Costs, Combining Schedule of Expenditures by State Categories, and Audited Final Attendance and Fiscal Report Forms are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and in conformity with the Audit Guide for Audits of Child Development and Nutrition Programs issued by the *California Department of Education (CDE Audit Guide)*. The Combining Schedule of Activities, Combining Schedule of Renovation and Repair Expenditures, Combining Schedule of Equipment Expenditures, Combining Schedule of Administrative Costs, Combining Schedule of Expenditures by State Categories, and Audited Final Attendance and Fiscal Report Forms are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 Combining Schedule of Activities, Combining Schedule of Renovation and Repair Expenditures, Combining Schedule of Equipment Expenditures, Combining Schedule of Administrative Costs, Combining Schedule of Expenditures by State Categories, and Audited Final Attendance and Fiscal Report Forms are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## INDEPENDENT AUDITORS' REPORT (Continued)

### *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 and State Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2018, on our consideration of Community Resources for Children's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Resources for Children's internal control over financial reporting and compliance.

*Vosin, Hryn + Co.*

Calabasas, California  
December 16, 2018

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

	<u>2018</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 631,445
Contracts and grants receivable	123,953
Deposits and prepaid expenses	14,595
Property and equipment, net	<u>13,443</u>
Total assets	<u>\$ 783,436</u>
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 42,872
Accrued payroll and related liabilities	40,916
Provider payments payable	208,299
California Department of Education reserve	2
Government funded assets	<u>6,852</u>
Total liabilities	298,941
 <b>COMMITMENTS AND CONTINGENCIES</b>	
 <b>NET ASSETS</b>	
Unrestricted	<u>484,495</u>
Total net assets	<u>484,495</u>
Total liabilities and net assets	<u>\$ 783,436</u>

See accompanying auditors' reports and notes to financial statements.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	2018		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Governmental service contracts	\$ 2,695,639	\$ -	\$ 2,695,639
Contributions and grants	498,199	-	498,199
Fees for services	57,303	-	57,303
Other income	10,917	-	10,917
Interest income	245	-	245
Rental income	11,384	-	11,384
Restrictions released	<u>57,864</u>	<u>(57,864)</u>	<u>-</u>
Total revenue and support	3,331,551	(57,864)	3,273,687
<b>EXPENSES</b>			
Resource and Referral	179,529	-	179,529
Alternative Payment Programs	2,290,752	-	2,290,752
Support Programs from California Department of Education	31,069	-	31,069
CalWorks Stage 1 Program	256,573	-	256,573
Non-CDE Programs	316,247	-	316,247
Support services	<u>33,288</u>	<u>-</u>	<u>33,288</u>
Total expenses	<u>3,107,458</u>	<u>-</u>	<u>3,107,458</u>
<b>CHANGE IN NET ASSETS</b>	224,093	(57,864)	166,229
<b>NET ASSETS - beginning of year</b>	<u>260,402</u>	<u>57,864</u>	<u>318,266</u>
<b>NET ASSETS - end of year</b>	<u>\$ 484,495</u>	<u>\$ -</u>	<u>\$ 484,495</u>

See accompanying auditors' reports and notes to financial statements.



**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Program Services</u>	<u>Support Services</u>	<u>2018 Total Expenses</u>
<b>Salaries and related expenses</b>			
Salaries and wages	\$ 577,802	\$ 20,411	\$ 598,213
Payroll taxes	51,071	1,718	52,789
Employee benefits	<u>47,832</u>	<u>2,200</u>	<u>50,032</u>
	676,705	24,329	701,034
<b>Other expenses</b>			
Advertising	150	46	196
Consultants and contracts	29,770	-	29,770
Depreciation	-	4,643	4,643
Dues, memberships, and fees	24,990	1,027	26,017
Insurance	8,234	-	8,234
Leased equipment	9,829	273	10,102
Materials and supplies	24,433	1,875	26,308
Miscellaneous expenses	-	1,072	1,072
Occupancy	118,579	-	118,579
Other operating expenses	9,328	-	9,328
Postage and printing	2,621	21	2,642
Provider incentives	25,507	-	25,507
Provider payments	2,099,085	-	2,099,085
Repairs and maintenance	3,181	-	3,181
Small equipment	1,105	-	1,105
Stipends	19,500	-	19,500
Telephone and online services	12,100	-	12,100
Training and seminars	6,937	-	6,937
Travel and conferences	<u>2,116</u>	<u>2</u>	<u>2,118</u>
	2,397,465	8,959	2,406,424
Indirect expense	<u>1,988,743</u>	<u>(1,988,743)</u>	<u>-</u>
<b>Total Expenses</b>	<u>\$ 5,062,913</u>	<u>\$ (1,955,455)</u>	<u>\$ 3,107,458</u>

See accompanying auditors' reports and notes to financial statements.

**COMMUNITY RESOURCES FOR CHILDREN  
(A California Non-Profit Corporation)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ <u>166,229</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities	
Depreciation	4,643
Adjustment to prior year	(8,881)
(Increase) decrease in:	
Contracts and grants receivable	(64,270)
Deposits and prepaid expenses	(2,407)
Increase (decrease) in:	
Accounts payable and accrued expenses	25,651
Accrued payroll and related liabilities	3,504
Provider payments	45,360
Deferred revenue	(93,686)
Government funded assets	<u>6,852</u>
Total adjustments	<u>(83,234)</u>
Net Cash Provided (Used) by Operating Activities	82,995
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of fixed assets	<u>(1,106)</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,106)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	81,889
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>549,556</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 631,445</u>

See accompanying auditors' reports and notes to financial statements.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1. DESCRIPTION OF ORGANIZATION**

*General*

Community Resources for Children was incorporated as a nonprofit corporation in 1978 to mobilize and coordinate the resources of Napa County to assure maximum public, private, agency and individual commitment to provide quality child care and related services to the children, the families and the community of Napa County. Community Resources for Children is supported primarily by the Department of Education and other government grants as well as support from other nonprofit organizations.

*Major Programs:*

*Resource and Referral* — The Resource and Referral programs provide child care referrals and other child care information as well as support and services to parents and the community.

*Child Care Alternative Payment* — Child Care Alternative Payment Programs subsidize the Child care costs for qualified low-income parents while they are working, looking for employment, in school or training.

*CalWorks Stage 1* — Provides child care subsidies for CalWorks Stage 1 families in the County of Napa.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Community Resources for Children prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by Community Resources for Children are described below to enhance the usefulness and understandability of the financial statements.

*Accounting Method*

Community Resources for Children maintains its accounting records on the accrual basis.

*Fund Accounting*

To ensure observance of limitations and restrictions placed on the use of resources available to Community Resources for Children, the accounts of Community Resources for Children are maintained in accordance with the principles of fund accounting. Fund accounting is the procedures by which resources for the various programs are classified for accounting and reporting according to the activities and objectives specified by donors, grantors, and governing boards. Separate accounts are maintained for each fund.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Financial Statement Presentation*

The financial statements are presented based on ASC Topic 958, *Not-for-Profit Entities*. ASC Topic 958, Sections 210 and 225 requires classification of Community Resources for Children's net assets, revenues as well as expenses based on the existence or absence of donor-imposed restrictions. The statement requires presentation of the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – in the statement of financial position and the amounts of change in each of those classes of net assets in the statement of activities.

*Net Assets*

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Unrestricted net assets.* Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Temporarily restricted net assets.* Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Community Resources for Children's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by Community Resources for Children, unless the donor provides more specific directions about the period of its use. Community Resources for Children did not have any temporarily restricted net assets at June 30, 2018.
- *Permanently restricted net assets.* Permanently restricted net assets are resources whose use by Community Resources for Children is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. Community Resources for Children did not have any permanently restricted net assets at June 30, 2018.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Cash and Cash Equivalents*

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to Changes in interest rates is negligible. These are generally investments with maturity dates within three months of their acquisition date. Not included as cash equivalents are funds restricted as to their use, regardless of liquidity or the maturity dates of investments.

*Contracts and Grants Receivables*

Receivables consist of contracts and accounts receivable and are stated at the amount management expects to collect from outstanding balances. Contracts receivable are primarily comprised of revenue apportionments due from federal, state and local agencies. Accordingly, no provision for doubtful accounts has been provided for such receivables. The Organization uses the allowance method of accounting for receivables determined to be potentially uncollectable. In management's opinion, all contracts and accounts receivable were collectible at year-end. No allowance for doubtful accounts for contracts and accounts receivable is considered necessary at June 30, 2018.

*Deposits and Prepaid Expenses*

Deposits and prepaid insurance and other costs are expensed ratably over their respective terms of agreement.

*Property and Equipment, Net*

Property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All property is capitalized. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Retirements are reflected as decreases to the property and equipment account, with a corresponding reduction in the restricted investment in fixed assets.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Furniture and Equipment	3 -5 years
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Furniture and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Fixed assets funded by restricted grants are recorded as expenditures in the year of acquisition in accordance with the grantor's funding terms and conditions. The capital expenditures are then recapitalized, and depreciation is charged to offset the government owned liability. The individual funders or grantors retain title to those assets based on the terms and conditions of the grants.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Accrued Vacation and Sick Leave Benefits*

Accumulated unpaid employee vacation benefits are recognized as a liability of Community Resources for Children. Paid personal time off is based on the number of years of an eligible employee's continuous employment. The value of accumulated vacation benefits as of June 30, 2018 was \$12,539.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulate sick leave. Accumulated employee sick leave benefits are not recognized as a liability of Community Resources for Children since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period the benefits are taken.

*Accounting for Contributions*

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Revenue Recognition*

Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. These contributions and gifts are shown as restricted support and revenues if they are subject to time or donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both. However, temporarily restricted contributions and grants are reported as unrestricted support and revenues if the restriction is met in the same year that the gift is received.

Conditional contributions are not recorded as support and revenues until the conditions are met. Payments classified as exchange transactions (reciprocal transfers between two entities in which goods and services of equal value is exchanged) are not recorded as other support and revenue until allowable expenditures are incurred.

*Government Revenue*

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, Community Resources for Children's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of Community Resources for Children.

*Indirect Costs*

Costs that benefit the operations of the entire organization are allocated according to an indirect cost allocation plan.

*Presentation of Expenses*

The statement of activities contains information about the costs associated with Community Resources for Children's services and how it uses its resources. This results in the expenses being reported by Community Resources for Children's major programs.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Allocation of Expenses*

The costs of operating the various programs and other activities have been summarized in the combining statement of activities. Certain costs have been allocated among the programs benefited based upon Community Resources for Children's cost allocation plan.

*Income Taxes*

Community Resources for Children is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Community Resources for Children has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position.

As of and for the year ended June 30, 2018, Community Resources for Children had no material unrecognized tax benefits, tax penalties or interest. Community Resources for Children's Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30, 2017, 2016, and 2015, are subject to examination by the IRS, generally for 3 years after they were filed.

*Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Community Resources for Children's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances.



**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Fair Value Measurements*

Community Resources for Children reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which Community Resources for Children has access at the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

When available, Community Resources for Children measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**3. CONTRACTS AND GRANTS RECEIVABLE**

At June 30, 2018, accounts and grants receivable consisted of the following:

California of Department of Education	\$ 111,231
County of Napa	10,610
First 5 Napa	<u>2,112</u>
Total Accounts and Grants Receivable	<u>\$ 123,953</u>

In management’s opinion, all contracts and accounts receivable were collectible at year-end. No allowance for doubtful accounts for contracts and accounts receivable is considered necessary at June 30, 2018.

**4. PROPERTY AND EQUIPMENT, NET**

Property and equipment at June 30, 2018 consisted of the following:

	Cost Basis	Accumulated Depreciation	Net Book Value
Furniture & Equipment	<u>\$ 23,030</u>	<u>\$ ( 9,587)</u>	<u>\$ 13,443</u>
Property and equipment, net	<u>\$ 23,060</u>	<u>\$ ( 9,587)</u>	<u>\$ 13,443</u>

The depreciation expense for the year ended June 30, 2018 was \$4,643.

**5. CALIFORNIA DEPARTMENT OF EDUCATION RESERVE**

Child development contractors with the California Department of Education (CDE) are allowed, with prior CDE approval, to maintain a reserve account from earned but unexpended child development contract funds for three types of programs: Center Based, Resource and Referral, and Alternative Payment. Transfers from a reserve account are considered restricted income for child development programs, but may be applied to any of the contracts that are eligible to contribute to that particular program type. Community Resources for Children maintains one reserve account for its Alternative Payment contracts, and funds are deposited into an interest bearing account. The CDE analyst has calculated a transfer into the AP reserves based on June reports. However, the transfer is not finalized until the audit is closed.

As of June 30, 2018, the balance for the CDE reserve account was \$2.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**6. CONTINGENCY**

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Community Resources for Children deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. Community Resources for Children's management is of the opinion that the organization has complied with the terms of all grants.

**7. LEASE COMMITMENTS**

Community Resources for Children conducts its operations at a leased facility which is on a month to month basis. In addition, Community Resources for Children has operating lease agreements for its copier and postage meter.

Future obligations on non-cancelable leases are as follows:

<u>Year Ending June 30.:</u>	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
2019	\$ 95,160	\$ 5,376	\$ 100,536
2020	-	5,325	5,325
2021	-	5,438	5,438
2022	-	5,557	5,557
2023	-	5,682	5,682
Thereafter	-	1,374	1,374
Total	<u>\$ 95,160</u>	<u>\$ 28,752</u>	<u>\$ 123,912</u>

Total rent and associated utilities expense for the year ended June 30, 2018 was \$121,760.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**8. RESTRICTED NET ASSETS**

Temporarily restricted net assets are part of the net assets of Community Resources for Children resulting from contributions and other inflows of assets whose use by Community Resources for Children is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Community Resources for Children pursuant to those stipulations. During the year June 30, 2018, all temporarily net assets were released as follows.

Temporarily restricted net assets at June 30, 2018, consist of amounts restricted by donor-imposed stipulations; the activity for the year ended is as follows:

Purpose	Balance at 6/30/17	Income	Expenditures	Balance at 6/30/18
Toy Library and Early Learning Programs	\$ 28,420	\$ -	\$ (28,420)	\$ -
Other Programs	<u>29,444</u>	-	<u>(29,444)</u>	-
Total	<u>\$ 57,864</u>	<u>\$ -</u>	<u>\$ (57,864)</u>	<u>\$ -</u>

**9. ALLOCATION OF EXPENSES**

Community Resources for Children updates its cost allocation plans annually or more frequently when there is a need due to changes in program enrollment or other cost drivers. The cost allocation plan is reviewed by Community Resources for Children’s auditors for compliance with applicable laws and regulations. The Fiscal Manager and Executive Director of Community Resources for Children review the cost allocation plan annually. Its written cost allocation plan, including descriptions and percentages is on file in the organization’s main accounting office. Community Resources for Children applies several methods for allocating costs:

Direct Costs: Costs identified 100 percent to a specific program are charged directly to that program. Shared Costs: Costs identified to multiple programs or activities are shared between the programs benefitting.

- Payroll costs are allocated using individual time distribution records that report the actual time spent by employees in each program, each day.
- Rent and associated utilities, maintenance, and insurance are allocated using the square footage of building space occupied by each program, according to floor plans and/or room measurements. Cost of common areas is shared based on the percentage of square footage occupied by each program.
- Office expenses such as supplies, postage and printing are allocated based on a transaction analysis of each of the programs.
- Other expenses such as office supplies, advertising, consultants, dues/fees and memberships are allocated based on the percentage of direct operating expenses by each program to the total operating expenses of Community Resources for Children.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**10. CONCENTRATIONS**

*Concentration of Revenue Sources*

During the year ended June 30, 2018, Community Resources for Children had three major revenue funding sources. The California Department of Education accounted for approximately 78%, the County of Napa accounted for approximately 8% and First 5 accounted for approximately 7% of the total revenue.

*Concentration of Credit Risk*

Financial instruments that potentially subject Community Resources for Children to concentrations of credit risk consist principally of uninsured cash balances. Community Resources for Children places its cash deposits with high-credit, quality financial institutions. At times, balances in Community Resources for Children's cash accounts may exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. Uninsured balances at June 30, 2018 were approximately \$339,236.

**11. SUBSEQUENT EVENTS**

Community Resources for Children has evaluated its financial position and activities from the June 30, 2018 year end of this report through December 16, 2018, which is the date that the financial statements were available to be issued. No material subsequent event items that required recognition or disclosure were identified.

**CALIFORNIA DEPARTMENT OF EDUCATION  
SUPPLEMENTARY INFORMATION**

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**COMBINING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Alternative Alternative Payment C2AP-7037 116	Alternative Alternative Payment C3AP-7036 120	Alternative Alternative Payment CAPP-7040 112	General Child Care Initiative Project CCIP-7038 131	General Child Care Initiative Project CCIP-7038 Match	General Health & Safety Initiative Project CHST-7038 132	California Resource & Referral CRRP-7038 150	Total CDE Programs
<b>Revenue</b>								
<b>Grant Income:</b>								
Federal programs	\$ 265,517	\$ 339,307	\$ 450,723	\$ 22,000	\$ -	\$ 2,194	\$ 27,041	\$ 1,106,782
State programs	668,283	188,053	321,566	2,090	-	-	152,381	1,332,373
Contributions and grants	-	-	-	-	4,236	-	-	4,236
Fees for services	20,929	26,428	9,946	-	-	-	-	57,303
Interest income	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	78	78
Rental income	-	-	-	-	-	-	-	-
Total revenue	<u>954,729</u>	<u>553,788</u>	<u>782,235</u>	<u>24,090</u>	<u>4,236</u>	<u>2,194</u>	<u>179,500</u>	<u>2,500,772</u>
<b>Expenses</b>								
Salaries and wages	100,365	55,329	80,845	10,343	3,474	235	111,695	362,286
Payroll taxes	8,679	4,770	7,075	1,002	296	18	9,965	31,805
Employee benefits	11,875	6,537	9,649	502	466	17	5,628	34,674
Advertising	-	-	-	150	-	-	-	150
Consultants and contracts	9,292	5,456	7,544	118	-	18	1,178	23,606
Depreciation	-	-	-	-	-	-	-	-
Dues, memberships and fees	4,153	2,439	6,398	12	-	2	6,294	19,298
Insurance	1,239	778	997	60	-	1	1,798	4,873
Leased equipment	1,987	1,332	1,575	118	-	2	1,592	6,606
Materials and supplies	1,951	1,202	1,507	1,330	-	275	6,664	12,929
Miscellaneous expenses	-	-	-	-	-	-	-	-
Occupancy	18,534	11,579	14,944	840	-	17	28,036	73,950
Other operating expenses	2,243	1,481	1,944	8	-	2	654	6,332
Postage and printing	841	559	654	6	-	-	86	2,146
Provider incentives	-	-	-	9,460	-	1,605	414	11,479
Provider payments	789,007	459,444	645,447	-	-	-	-	1,893,898
Repairs and maintenance	484	309	389	25	-	-	691	1,898
Small Equipment	-	-	-	-	-	-	1,105	1,105
Stipends	-	-	-	-	-	-	-	-
Telephone and online services	2,750	1,710	2,202	235	-	2	1,900	8,799
Training and seminars	1,121	723	902	350	-	-	1,534	4,630
Travel and conferences	208	140	163	80	-	-	295	886
Indirect expenses	-	-	-	-	-	-	-	-
Total expenses	<u>954,729</u>	<u>553,788</u>	<u>782,235</u>	<u>24,639</u>	<u>4,236</u>	<u>2,194</u>	<u>179,529</u>	<u>2,501,350</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (549)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29)</u>	<u>\$ (578)</u>

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**COMBINING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

	Pathways to Quality ANV/NVV 156	QELSP 158	Quality Counts First 5 159	NVV 168	Child Care Alternative Payment Stage 1 - NCHHS 170	Program Indirect	Support 102	Total Programs and Support
<b>Revenue</b>								
<b>Grant Income:</b>								
Federal Programs	\$ -	\$ -	\$ -	\$ -	\$ 256,484	\$ -	\$ -	\$ 1,363,266
State Programs	-	-	-	-	-	-	-	1,332,373
Contributions and grants	9,025	170,615	115,080	149,756	-	-	49,487	498,199
Fees for services	-	-	-	-	-	-	-	57,303
Interest income	-	-	-	-	-	-	245	245
Miscellaneous Income	-	-	2,539	4,011	-	-	4,289	10,917
Rental income	-	-	-	11,384	-	-	-	11,384
Total revenue	9,025	170,615	117,619	165,151	256,484	-	54,021	3,273,687
<b>Expenses</b>								
Salaries and wages	9,741	109,421	62,580	2,221	31,553	-	20,411	598,213
Payroll taxes	841	9,864	5,681	171	2,709	-	1,718	52,789
Employee benefits	384	5,529	3,471	37	3,737	-	2,200	50,032
Advertising	-	-	-	-	-	-	46	196
Consultants and contracts	9	1,714	560	1,400	2,481	-	-	29,770
Depreciation	-	-	-	-	-	-	4,643	4,643
Dues, memberships and fees	9	179	241	4,046	1,217	-	1,027	26,017
Insurance	24	1,676	189	864	608	-	-	8,234
Leased equipment	-	1,066	706	791	660	-	273	10,102
Materials and supplies	-	2,823	3,218	4,960	503	-	1,875	26,308
Miscellaneous expenses	-	-	-	-	-	-	1,072	1,072
Occupancy	334	23,743	2,651	12,379	5,522	-	-	118,579
Other operating expenses	-	66	1,821	362	747	-	-	9,328
Postage and printing	-	198	2	1	274	-	21	2,642
Provider incentives	-	610	13,418	-	-	-	-	25,507
Provider payments	-	-	-	-	205,187	-	-	2,099,085
Repairs and maintenance	11	640	79	410	143	-	-	3,181
Small equipment	-	-	-	-	-	-	-	1,105
Stipends	-	-	19,500	-	-	-	-	19,500
Telephone and online services	186	1,313	953	52	797	-	-	12,100
Training and seminars	-	146	1,686	101	374	-	-	6,937
Travel and conferences	-	285	878	6	61	-	2	2,118
Indirect expenses	-	-	-	-	-	1,988,743	(1,988,743)	-
Total expenses	11,539	159,273	117,634	27,801	256,573	1,988,743	(1,955,455)	3,107,458
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>\$ (2,514)</b>	<b>\$ 11,342</b>	<b>\$ (15)</b>	<b>\$ 137,350</b>	<b>\$ (89)</b>	<b>\$ (1,988,743)</b>	<b>\$ 2,009,476</b>	<b>\$ 166,229</b>



**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**COMBINING SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Alternative Payment Stage 2 C2AP-7037	Alternative Payment Stage 2 C3AP-7036	Alternative Payment CAPP-7040	Child Care Initiative Project CCIP-7038	CCDF Health & Safety CHST-7038	Resource & Referral CRRP-7038	Total Costs
<b>Unit Cost Under \$10,000 Per Item:</b>							
<b>Item:</b>							
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total:</b>	-	-	-	-	-	-	-
<b>Unit Cost \$10,000 or More Per Item With Prior Written Approval:</b>							
<b>Item:</b>							
None	-	-	-	-	-	-	-
<b>Total:</b>	-	-	-	-	-	-	-
<b>Unit Cost \$10,000 or More Per Item Without Prior Approval:</b>							
<b>Item:</b>							
None	-	-	-	-	-	-	-
<b>Total:</b>	-	-	-	-	-	-	-
<b>Total Renovation &amp; Repair Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Community Resources for Children's capitalization threshold is \$1,000 or more.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**COMBINING SCHEDULE OF EQUIPMENT EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Alternative Payment Stage 2 C2AP-7037	Alternative Payment Stage 2 C3AP-7036	Alternative Payment CAPP-7040	Child Care Initiative Project CCIP-7038	CCDF Health & Safety CHST-7038	Resource & Referral CRRP-7038	Total Costs
<b>Unit Cost Under \$7,500 Per Item:</b>							
<b>Item:</b>							
iPad Pro 10.5 Wi-Fi CL 256GB, Silver, S# DMPWR23FHPDW	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,105	\$ 1,105
<b>Total:</b>	-	-	-	-	-	1,105	1,105
<b>Unit Cost Over \$7,500 Per Item</b>							
<b>With Prior Written Approval:</b>							
<b>Item:</b>							
None	-	-	-	-	-	-	-
<b>Total:</b>	-	-	-	-	-	-	-
<b>Unit Cost Over \$7,500 Per Item</b>							
<b>Without Prior Approval:</b>							
<b>Item:</b>							
None	-	-	-	-	-	-	-
<b>Total:</b>	-	-	-	-	-	-	-
<b>Total Equipment Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,105</b>	<b>\$ 1,105</b>

Community Resources for Children's capitalization threshold is \$1,000 or more.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**COMBINING SCHEDULE OF ADMINISTRATIVE COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Alternative Alternative Payment C2AP-7037 <u>116</u>	Alternative Alternative Payment C3AP-7036 <u>120</u>	Alternative Payment CAPP-7040 <u>112</u>	General Child Care Initiative Project CCIP-7038 <u>131</u>	General Health & Safety Initiative Project CHST-7038 <u>132</u>	California Resource & Referral CRRP-7038 <u>150</u>	<u>Total Costs</u>
<b>Certificated Salaries</b>	\$ 15,244	\$ 8,483	\$ 12,298	\$ 1,306	\$ 22	\$ 29,215	\$ 66,568
<b>Classified Salaries</b>	22,188	12,210	17,861	2,142	213	-	54,614
<b>Employee Benefits</b>	5,304	2,937	4,339	502	35	3,149	16,266
<b>Books and Supplies</b>	253	147	215	2	-	-	617
<b>Services and Other Expenses</b>	<u>25,800</u>	<u>14,776</u>	<u>21,134</u>	<u>294</u>	<u>42</u>	<u>-</u>	<u>62,046</u>
<b>Total Administrative Costs</b>	<u>\$ 68,789</u>	<u>\$ 38,553</u>	<u>\$ 55,847</u>	<u>\$ 4,246</u>	<u>\$ 312</u>	<u>\$ 32,364</u>	<u>\$ 200,111</u>

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**COMBINING SCHEDULE OF EXPENDITURES BY STATE CATEGORIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Alternative Payment C2AP-7037 116	Alternative Payment C3AP-7036 120	Alternative Payment CAPP-7040 112	Child Care Initiative Project CCIP-7038 131	CCIP Match Fund CCIP-7038	CCDR Health & Safety CHST-7038 132	Resource & Referral CRRP-7038 150	Total Reimbursable	Total Non- Reimbursable
<b>Direct payments to providers</b>	\$ 789,007	\$ 459,444	\$ 645,447	\$ -	\$ -	\$ -	\$ -	\$ 1,893,898	\$ -
<b>1000 Certified Salaries</b>	15,244	8,484	12,298	1,306	-	22	29,215	66,569	-
<b>2000 Classified Salaries</b>	85,121	46,845	68,547	9,037	3,474	213	82,480	295,717	-
<b>3000 Employee Benefits</b>	20,554	11,307	16,724	1,504	762	35	15,593	66,479	-
<b>4000 Books, Supplies and Equipment</b>	1,951	1,202	1,507	1,330	-	275	6,664	12,929	-
<b>5000 Services/other Operating Expenses</b>	42,852	26,506	37,712	11,462	-	1,649	44,394	164,575	-
<b>6100/6200 Other approved capital outlay</b>	-	-	-	-	-	-	-	-	-
<b>6400 New equipment</b>	-	-	-	-	-	-	-	-	-
<b>6500 Replacement equipment</b>	-	-	-	-	-	-	1,105	1,105	-
<b>Depreciation</b>	-	-	-	-	-	-	-	-	-
<b>Start-up expenses-service level exemption</b>	-	-	-	-	-	-	-	-	-
<b>Indirect costs</b>	-	-	-	-	-	-	-	-	-
<b>Total expenses claimed for reimbursement</b>	<u>954,729</u>	<u>553,788</u>	<u>782,235</u>	<u>24,639</u>	<u>4,236</u>	<u>2,194</u>	<u>179,451</u>	<u>2,501,272</u>	<u>-</u>
<b>Supplemental expenses</b>	-	-	-	-	-	-	78	78	-
<b>Total expenditures</b>	<u>\$ 954,729</u>	<u>\$ 553,788</u>	<u>\$ 782,235</u>	<u>\$ 24,639</u>	<u>\$ 4,236</u>	<u>\$ 2,194</u>	<u>\$ 179,529</u>	<u>\$ 2,501,350</u>	<u>\$ -</u>

**AUDITED FINAL ATTENDANCE AND FISCAL REPORT FORMS**

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CALWORKS, ALTERNATIVE PAYMENT OR  
 FAMILY CHILD CARE HOME PROGRAMS  
 A U D 9500-AP Page 1 of 4 (10/18)

Fiscal Year End	June 30, 2018
Contract Number	C2AP-7037
Vendor Code	B524

Full Name of Contractor

Section 1 - Revenue	Column A Cumulative CDNFS 9500-AP	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Uncashed Checks to Providers			
Restricted Income - Other: Returned provider checks			
<b>Restricted Income Subtotal</b>			
Transfer from Reserve (Alternative Payment Only)			
Family Fees for Certified Children	20,929		20,929
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Other:			
<b>Total Revenue</b>	<b>20,929</b>		<b>20,929</b>

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CALWORKS, ALTERNATIVE PAYMENT OR  
 FAMILY CHILD CARE HOME PROGRAMS  
 A U D 9500-AP Page 2 of 4 (10/18)

Fiscal Year End   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 2 - Reimbursable Expenses	Column A Cumulative CDNFS 9500-AP	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers	789,007		789,007
1000 Certificated Salaries	15,244		15,244
2000 Classified Salaries	85,121		85,121
3000 Employee Benefits	20,554		20,554
4000 Books and Supplies	802	1,149	1,951
5000 Services and Other Operating Expenses	43,679	-827	42,852
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)	1,149	-1,149	0
Depreciation or Use Allowance			
Indirect Costs (Include in Administrative Costs)			
Non-Reimbursable (State Use Only)			
<b>Total Reimbursable Expenses</b>	<b>955,556</b>	<b>-827</b>	954,729
Total Administrative Costs (included in section 2 above)	68,789		68,789
Days of Operation	246		246

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 3.

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CALWORKS, ALTERNATIVE PAYMENT OR  
 FAMILY CHILD CARE HOME PROGRAMS  
 A U D 9500-AP Page 4 of 4 (10/18)

Fiscal Year End	June 30, 2018
Contract Number	C2AP-7037
Vendor Code	B524

Full Name of Contractor

Section 5 - Summary	Column A Cumulative CDNFS 9500-AP	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Program Income			
Interest Earned on Apportionment Payments			
Direct Payments to Providers	789,007		789,007
Total Administrative Costs	68,789		68,789
Days of Operation	246		246
Total Reimbursable Expenses	955,556	-827	954,729



CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CALWORKS, ALTERNATIVE PAYMENT OR  
 FAMILY CHILD CARE HOME PROGRAMS  
 A U D 9500-AP Page 1 of 4 (10/18)

Fiscal Year End	June 30, 2018
Contract Number	C3AP-7036
Vendor Code	B524

Full Name of Contractor

Section 1 - Revenue	Column A Cumulative CDNFS 9500-AP	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Uncashed Checks to Providers			
Restricted Income - Other:			
<b>Restricted Income Subtotal</b>			
Transfer from Reserve (Alternative Payment Only)			
Family Fees for Certified Children	26,428		26,428
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Other:			
<b>Total Revenue</b>	<b>26,428</b>		<b>26,428</b>

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CALWORKS, ALTERNATIVE PAYMENT OR  
 FAMILY CHILD CARE HOME PROGRAMS  
 A U D 9500-AP Page 2 of 4 (10/18)

Fiscal Year End   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 2 - Reimbursable Expenses	Column A Cumulative CDNFS 9500-AP	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers	459,443	1	459,444
1000 Certificated Salaries	8,484		8,484
2000 Classified Salaries	46,845		46,845
3000 Employee Benefits	11,307		11,307
4000 Books and Supplies	524	678	1,202
5000 Services and Other Operating Expenses	27,253	-747	26,506
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)	678	-678	0
Depreciation or Use Allowance			
Indirect Costs (Include in Administrative Costs)			
Non-Reimbursable (State Use Only)			
<b>Total Reimbursable Expenses</b>	<b>554,534</b>	<b>-746</b>	<b>553,788</b>
Total Administrative Costs (included in section 2 above)	38,553		38,553
Days of Operation	246		246

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 3.

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CALWORKS, ALTERNATIVE PAYMENT OR  
 FAMILY CHILD CARE HOME PROGRAMS  
 A U D 9500-AP Page 4 of 4 (10/18)

Fiscal Year End	June 30, 2018
Contract Number	C3AP-7036
Vendor Code	B524

Full Name of Contractor

Section 5 - Summary	Column A Cumulative CDNFS 9500-AP	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Program Income			
Interest Earned on Apportionment Payments			
Direct Payments to Providers	459,443	1	459,444
Total Administrative Costs	38,553		38,553
Days of Operation	246		246
Total Reimbursable Expenses	554,534	-746	553,788

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CALWORKS, ALTERNATIVE PAYMENT OR  
 FAMILY CHILD CARE HOME PROGRAMS  
 A U D 9500-AP Page 1 of 4 (10/18)

Fiscal Year End	June 30, 2018
Contract Number	CAPP-7040
Vendor Code	B524

Full Name of Contractor

Section 1 - Revenue	Column A Cumulative CDNFS 9500-AP	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Uncashed Checks to Providers			
Restricted Income - Other:			
<b>Restricted Income Subtotal</b>			
Transfer from Reserve (Alternative Payment Only)			
Family Fees for Certified Children	9,946		9,946
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Other:			
<b>Total Revenue</b>	<b>9,946</b>		<b>9,946</b>

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CALWORKS, ALTERNATIVE PAYMENT OR  
 FAMILY CHILD CARE HOME PROGRAMS  
 A U D 9500-AP Page 2 of 4 (10/18)

Fiscal Year End   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 2 - Reimbursable Expenses	Column A Cumulative CDNFS 9500-AP	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers	645,447		645,447
1000 Certificated Salaries	12,298		12,298
2000 Classified Salaries	68,547		68,547
3000 Employee Benefits	16,724		16,724
4000 Books and Supplies	653	854	1,507
5000 Services and Other Operating Expenses	38,378	-666	37,712
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)	855	-855	0
Depreciation or Use Allowance			
Indirect Costs (Include in Administrative Costs)			
Non-Reimbursable (State Use Only)			
<b>Total Reimbursable Expenses</b>	<b>782,902</b>	<b>-667</b>	<b>782,235</b>
Total Administrative Costs (included in section 2 above)	55,847		55,847
Days of Operation	246		246

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 3.

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CALWORKS, ALTERNATIVE PAYMENT OR  
 FAMILY CHILD CARE HOME PROGRAMS  
 A U D 9500-AP Page 4 of 4 (10/18)

Fiscal Year End	June 30, 2018
Contract Number	CAPP-7040
Vendor Code	B524

Full Name of Contractor

Section 5 - Summary	Column A Cumulative CDNFS 9500-AP	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Program Income			
Interest Earned on Apportionment Payments			
Direct Payments to Providers	645,447		645,447
Total Administrative Costs	55,847		55,847
Days of Operation	246		246
Total Reimbursable Expenses	782,902	-667	782,235

Fiscal Year Ending   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 1 - Revenue	Column A Cumulative CDNFS 9529-CCIP	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Match Requirement	4,236		4,236
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other: Workers Compensation Ins. Refund			
<b>Restricted Income Subtotal</b>	<b>4,236</b>		<b>4,236</b>
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Match Requirement			
Unrestricted Income - Other:			
<b>Total Revenue</b>	<b>4,236</b>		<b>4,236</b>

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR CCIP CONTRACTS  
 AUD 9529-CCIP Page 2 of 4 (11/18)

Fiscal Year Ending   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 2 - Reimbursable Expenses	Column A Cumulative CDNFS 9529-CCIP	Column B Audit Adjustments	Column C Fiscal Year Per Audit
1000 Certificated Salaries	1,306		1,306
2000 Classified Salaries	12,511		12,511
3000 Employee Benefits	2,266		2,266
4000 Books and Supplies	768	562	1,330
5000 Services and Other Operating Expenses	11,463	-1	11,462
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)	562	-562	0
Depreciation or Use Allowance			
Indirect Costs (Include in Administrative Cost)			
Non-Reimbursable (State Use Only)			
<b>Total Reimbursable Expenses</b>	<b>28,876</b>	<b>-1</b>	<b>28,875</b>
<b>Total Administrative Costs (included in section 2 above)</b>	<b>4,246</b>		<b>4,246</b>

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 3.



Fiscal Year Ending   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 5 - Summary	Column A Cumulative CDNFS 9529-CCIP	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Program Income	4,236		4,236
Match Requirement Restricted Income	4,236		4,236
Match Requirement Unrestricted Income			
Interest Earned on Apportionment Payments			
Total Reimbursable Expenses	28,876	-1	28,875
Total Administrative Costs	4,246		4,246

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CHILD DEVELOPMENT SUPPORT CONTRACTS  
 A U D 9529 Page 1 of 4 (11/18)

Fiscal Year End	June 30, 2018
Contract Number	CHST-7038
Vendor Code	B524

Full Name of Contractor

Section 1 - Revenue	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative Fiscal Year Per Audit
Restricted Income - Match Requirement			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other: Workers Compensation Ins. Refund			
<b>Restricted Income Subtotal</b>			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Other:			
<b>Total Revenue</b>			

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CHILD DEVELOPMENT SUPPORT CONTRACTS  
 A U D 9529 Page 2 of 4 (11/18)

Fiscal Year End   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 2 - Reimbursable Expenses	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries	22		22
2000 Classified Salaries	213		213
3000 Employee Benefits	35		35
4000 Books and Supplies	276	-1	275
5000 Services and Other Operating Expenses	1,648	1	1,649
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Indirect Costs (Include in Administrative Cost)			
Non-Reimbursable (State Use Only)			
<b>Total Reimbursable Expenses</b>	<b>2,194</b>	<b>0</b>	<b>2,194</b>
Total Administrative Cost (included in section 2 above)	312		312

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 3.

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 CHILD DEVELOPMENT SUPPORT CONTRACTS  
 A U D 9529 Page 4 of 4 (11/18)

Fiscal Year End   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 5 - Summary	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Program Income			
Match Requirement			
Interest Earned on Apportionment Payments			
Total Reimbursable Expenses	2,194	0	2,194
Total Administrative Cost	312		312

Fiscal Year Ending   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 1 - Revenue	Column A Cumulative CDNFS 2507	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other: Workers Compensation Ins. Refund			
<b>Subtotal</b>			
Transfer from Reserve (Resource & Referral only)			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Other: Other Income			
<b>Total Revenue</b>			

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 RESOURCE AND REFERRAL PROGRAMS  
 A U D 2507 Page 2 of 4 (11/18)

Fiscal Year Ending   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 2 - Reimbursable Expenses	Column A Cumulative CDNFS 2507	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries	29,216	-1	29,215
2000 Classified Salaries	82,480		82,480
3000 Employee Benefits	15,593		15,593
4000 Books and Supplies	5,739	925	6,664
5000 Services and Other Operating Expenses	44,394		44,394
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)	2,030	-925	1,105
Depreciation or Use Allowance			
Indirect Costs (Include in Administrative Cost)			
Non-Reimbursable (State Use Only)			
<b>Total Reimbursable Expenses</b>	<b>179,452</b>	<b>-1</b>	<b>179,451</b>

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 3.

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 RESOURCE AND REFERRAL PROGRAMS  
 A U D 2507 Page 3 of 4 (11/18)

Fiscal Year Ending   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 3 - Supplemental Revenue	Column A Cumulative CDNFS 2507	Column B Audit Adjustments	Column C Cumulative Per Audit
Enhancement Funding			
Other: CA Child Care Resources and Referral Network	78		78
Other:			
Total Supplemental Revenue	78		78

Section 4 - Supplemental Expenses	Column A Cumulative CDNFS 2507	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses	78		78
6000 Equipment/Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			
Total Supplemental Expenses	78		78

CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED FISCAL REPORT FOR  
 RESOURCE AND REFERRAL PROGRAMS  
 A U D 2507 Page 4 of 4 (11/18)

Fiscal Year Ending   
 Contract Number   
 Vendor Code

Full Name of Contractor

Section 5 - Summary	Column A Cumulative CDNFS 2507	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Program Income			
Transfer from Reserve			
Interest Earned on Apportionment Payments			
Total Reimbursable Expenses	179,452	-1	179,451



CALIFORNIA DEPARTMENT OF EDUCATION  
 AUDITED RESERVE ACCOUNT ACTIVITY REPORT  
 A U D 9530-A Page 1 of 1 (11/18)

Fiscal Year End June 30, 2018  
 Reserve Account Type Alternative Payment  
 Vendor Code B524

Full Name of Contractor Community Resources for Children

Prior Year - Reserve Account Activity			Per 2016-17 AUD 9530-A
1. Beginning Balance (2016-17 Ending Balance)			2
2. Plus Transfers to Reserve Account:			Per CDNFS 9530
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Total Transferred from PY Contracts to Reserve			
3. Less Excess Reserve to be Billed			
4. Ending Balance on PY Post-Audit CDNFS 9530			2
Current Year - Reserve Account Activity	Column A Per CDNFS 9530-A	Column B Audit Adjustments	Column C Per Audit
5. Plus Interest Earned This Year On Reserve Funds			
6. Less Transfers to Contracts from Reserve Account:			
CSPP General - Contract No.			
CSPP General - Contract No.			
CSPP Professional Development Contract No.			
CSPP Professional Development Contract No.			
Subtotal CSPP Transfers			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Subtotal Other Contract Transfers			
Total Transferred to Contracts from Reserve Account			
7. Ending Balance on June 30, 2018	2		2

COMMENTS - If necessary, attach additional sheets to explain adjustments.

**GOVERNMENT AUDIT INFORMATION SECTION**



# VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE



AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**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 of  
Community Resources for Children  
(A California Non-Profit Corporation)  
Napa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Resources for Children (A California Non-Profit Corporation), which comprise the statement of financial position as of June 30, 2018, 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 December 16, 2018.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vorwin, Hryn + Co.

Calabasas, California  
December 16, 2018



**VASIN, HEYN & COMPANY**

*ABOVE THE BRIGHT LINE*



AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

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

To the Board of Directors of  
Community Resources for Children  
(A California Non-Profit Corporation)  
Napa, California

***Report on Compliance for Each Major Federal Program***

We have audited Community Resources for Children (Community Resources for Children) (A California Non-Profit Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Resources for Children's major federal programs for the year ended June 30, 2018. Community Resources for Children major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, Community Resources for Children complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

### ***Report on Internal Control Over Compliance***

Management of Community Resources for Children is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Resources for Children's 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 required by the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Resources for Children's internal control over compliance.

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

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

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

*Vorwin, Hahn + Co.*

Calabasas, California  
December 16, 2018

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(FEIN: 94-2524785)**

Federal Grantor, Pass-Through Grantor, Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Program or Award Amount	Federal Expenditures	Non-Federal/ Match Expenditures*	Payments to Subrecipients
<b>U.S. Department of Health and Human Services</b>						
Passed Through the California Department of Education						
Resource & Referral	93.575	CCRP-7038	\$ 27,041	\$ 27,041	\$ -	\$ -
Child Care Initiative Project	93.575	CCIP-7038	22,000	22,000	-	-
CCDF Health & Safety	93.575	CHST-7038	2,794	2,194	-	-
Alternative Payment	93.596	CAPP-7040	450,723	450,723	-	-
Alternative Payment - Stage 2	93.575	C2AP-7037	265,517	265,517	-	-
Alternative Payment - Stage 3	93.575/93.596	C3AP-7036	339,307	339,307	-	-
<b>Child Care and Development Fund (CCDF) Cluster</b>	<b>93.575/93.596</b>		<b>1,107,382</b>	<b>1,106,782</b>	<b>-</b>	<b>-</b>
Passed Through the California Department of Social Services						
Stage 1 Child Care Services						
<b>Temporary Assistance for Needy Families</b>	<b>93.558</b>	4000	<b>600,691</b>	<b>256,484</b>	<b>-</b>	<b>-</b>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES AND FEDERAL EXPENDITURES</b>			<b>\$ 1,708,073</b>	<b>\$ 1,363,266</b>	<b>\$ -</b>	<b>\$ -</b>
<b>STATE FUNDING</b>						
<b>California Department of Education</b>						
General Child Care and Development Programs						
Resource & Referral		CCRP-7038	\$ 152,381	\$ 152,381	\$ -	\$ -
Child Care Initiative Project		CCIP-7038	2,118	2,090	-	-
CCDF Health & Safety		CHST-7038	-	-	-	-
Alternative Payment		CAPP-7040	342,270	321,566	-	-
Alternative Payment - Stage 2		C2AP-7037	662,697	668,283	-	-
Alternative Payment - Stage 3		C3AP-7036	179,434	188,053	-	-
			<b>1,338,900</b>	<b>1,332,373</b>	<b>-</b>	<b>-</b>
<b>TOTAL STATE EXPENDITURES</b>			<b>\$ 1,338,900</b>	<b>\$ 1,332,373</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL FEDERAL AND STATE EXPENDITURES</b>			<b>\$ 3,046,973</b>	<b>\$ 2,695,639</b>	<b>\$ -</b>	<b>\$ -</b>

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") includes the federal grant activity of Community Resources for Children under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of Community Resources for Children, it is not intended to and does not present the financial position, changes in net assets or cash flows of Community Resources for Children.

**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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**3. DE MINIMIS INDIRECT COST RATE**

Community Resources for Children did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2018.

**4. LOAN AND LOAN GUARANTEE**

Community Resources for Children did not have any balances of loan and loan guarantee programs outstanding at June 30, 2018 for loans described in 2 CFR section 200.50(b).



**COMMUNITY RESOURCES FOR CHILDREN  
(A California Non-Profit Corporation)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes          X     No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes          X     None Reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes          X     No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes          X     No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes          X     None Reported

Type of auditors' report issued on compliance for major programs Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? \_\_\_\_\_ Yes          X     No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.575	<b>Child Care and Development Fund (CCDF) Cluster:</b> Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.558	Temporary Assistance for Needy Families (TANF)

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes          X     No

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.

**COMMUNITY RESOURCES FOR CHILDREN**  
**(A California Non-Profit Corporation)**  
**CURRENT AND PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**CURRENT YEAR:**

**2018 Findings:**

There were no 2018 findings noted.

2018 Questioned Costs:

There were no 2018 questioned costs noted.

**PRIOR YEAR:**

**2017 Findings:**

There were no 2017 findings noted.

2017 Questioned Costs:

There were no 2017 questioned costs noted

**2016 Findings:**

There were no 2016 findings noted.

2016 Questioned Costs:

There were no 2016 questioned costs noted.