

NOVATO YOUTH CENTER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 15
SUPPLEMENTAL INFORMATION:	
Schedule of Federal and State Awards	16
Combining Statement of Activities	17
Schedule of Expenditures by State Categories	18
Schedule of Reimbursable Equipment and Expenditures	19
Schedule of Reimbursable Administrative Expenditures	20
Audited Attendance and Fiscal Reports:	
CSPP 6266 - State Preschool Program	21 - 23
CCTR 6139 - Child Development Program	24 - 26
CCTR 6136 – CAM Subcontract	27 - 29
Child and Adult Day Care Food Program-Child Care Centers:	
Schedule of Reported, Adjusted, and Allowed Meals and Earned Reimbursement	30
Schedule of Reported, Adjusted, and Allowed Enrollment	31
Schedule of Reported, Adjusted, and Allowed Meals	32
Notes to the Supplementary Information	33
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34 - 35
Schedule of Auditor's Findings and Questioned Costs	36

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Novato Youth Center
Novato, California

Report on the Financial Statements

We have audited the accompanying financial statements of Novato Youth Center (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Novato Youth Center as of June 30, 2017, 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 basic financial statements taken as a whole. The accompanying supplementary information in pages 16 through 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements and in conformity with the *CDE Audit Guide* issued by the California Department of Education; 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 basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2017, on our consideration of Novato Youth Center'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 Novato youth Center's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Novato Youth Center's financial statements for the year ended June 30, 2016, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 5, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

November 1, 2017
Santa Rosa, California

NOVATO YOUTH CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(With summarized comparative totals for June 30, 2016)

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$ 330,991	\$ 555,097	\$ 886,088	\$ 595,303
Receivables and prepaid expenses	122,888	14,163	137,051	113,179
Unemployment Trust Reserve	65,734	-	65,734	63,027
Investments	2,423,113	-	2,423,113	2,422,824
Property and equipment, net	324,076	-	324,076	277,856
Government-owned assets	-	115,993	115,993	115,993
Total assets	<u>\$ 3,266,802</u>	<u>\$ 685,253</u>	<u>3,952,055</u>	<u>\$ 3,588,182</u>
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 84,306		\$ 84,306	\$ 84,190
Accrued personal time off	65,174		65,174	59,928
Deferred revenue	4,662		4,662	8,500
Unemployment Trust Reserve	65,734		65,734	63,027
Note payable	32,697		32,697	3,251
In lieu fee payable	35,000		35,000	35,000
Total liabilities	<u>287,573</u>		<u>287,573</u>	<u>253,896</u>
NET ASSETS:				
Unrestricted:				
Board-designated:				
Various projects	-		-	48,000
Endowment	2,423,113		2,423,113	2,422,824
Total designated funds	<u>2,423,113</u>		<u>2,423,113</u>	<u>2,470,824</u>
Undesignated funds	556,116		556,116	363,658
Total unrestricted net assets	<u>2,979,229</u>		<u>2,979,229</u>	<u>2,834,482</u>
Government-owned assets	-	\$ 115,993	115,993	115,993
Temporarily restricted net assets	-	569,260	569,260	383,811
Total net assets	<u>2,979,229</u>	<u>685,253</u>	<u>3,664,482</u>	<u>3,334,286</u>
Total liabilities and net assets	<u>\$ 3,266,802</u>	<u>\$ 685,253</u>	<u>3,952,055</u>	<u>\$ 3,588,182</u>

The accompanying notes are an integral part of these financial statements

NOVATO YOUTH CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(With summarized comparative totals for the year ended June 30, 2016)

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
SUPPORT:				
Grants	\$ 511,779	\$ 345,686	\$ 857,465	\$ 559,178
Contributions	32,498	72,436	104,934	108,503
Total support	<u>544,277</u>	<u>418,122</u>	<u>962,399</u>	<u>667,681</u>
REVENUE:				
Program service fees	807,324	-	807,324	727,754
Gain on sale of investments	388,296	-	388,296	118,673
State apportionments	362,326	-	362,326	311,102
Contracts	243,636	-	243,636	273,061
Unrealized gain (loss) on investments	(211,885)	-	(211,885)	(319,096)
Special events & fundraising	1,888	52,081	53,969	77,004
Investment income	71,350	-	71,350	79,933
Other revenue	81,507	-	81,507	129,404
Total revenue	<u>1,744,442</u>	<u>52,081</u>	<u>1,796,523</u>	<u>1,397,835</u>
Net assets released from restrictions	<u>284,754</u>	<u>(284,754)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,573,473</u>	<u>185,449</u>	<u>2,758,922</u>	<u>2,065,516</u>
EXPENSES:				
Program Services:				
Child Development	1,498,255	-	1,498,255	1,450,290
School Readiness/Family Engagement	120,074	-	120,074	99,585
Wellness Center/Teen Clinic	67,790	-	67,790	178,143
Community Prevention	193,127	-	193,127	226,048
Counseling	204,650	-	204,650	132,388
Other programs	6,258	-	6,258	3,831
Total program expenses	<u>2,090,154</u>	<u>-</u>	<u>2,090,154</u>	<u>2,090,285</u>
Support Services:				
Plant	135,194	-	135,194	124,117
General administration	158,734	-	158,734	154,053
Fund development	44,644	-	44,644	63,910
Total support services	<u>338,572</u>	<u>-</u>	<u>338,572</u>	<u>342,080</u>
Total expenses	<u>2,428,726</u>	<u>-</u>	<u>2,428,726</u>	<u>2,432,365</u>
CHANGE IN NET ASSETS	144,747	185,449	330,196	(366,849)
Net Assets, beginning of year	<u>2,834,482</u>	<u>499,804</u>	<u>3,334,286</u>	<u>3,701,134</u>
Net Assets, end of the year	<u>\$ 2,979,229</u>	<u>\$ 685,253</u>	<u>\$ 3,664,482</u>	<u>\$ 3,334,285</u>

The accompanying notes are an integral part of these financial statements

NOVATO YOUTH CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(With summarized comparative totals for the year ended June 30, 2016)

	PROGRAM SERVICES							SUPPORTING SERVICES					2017 Total	2016 Total
	Child Development	School Read- iness/ Family Engagement	Teen Clinic/ Wellness Center	Community Prevention	Counseling	Other Programs	Total Programs	General Admini- stration	Fund Develop- ment	Plant	Total Support			
Salaries	\$ 984,253	\$ 100,329	\$ 51,249	\$ 123,451	\$ 167,264	\$ 4,797	\$ 1,431,343	\$ 83,092	\$ 39,866	\$ 12,379	\$ 135,337	\$ 1,566,680	\$ 1,458,578	
Payroll taxes	105,724	9,043	5,089	10,422	15,788	339	146,405	8,775	2,776	1,269	12,820	159,225	161,044	
Employee benefits	58,153	5,083	2,487	2,223	875	46	68,867	6,079	1,943	1,060	9,082	77,949	70,795	
Interest expense	-	-	-	-	-	-	-	-	-	1,863	1,863	1,863	-	
Miscellaneous	31,039	590	4,860	20,812	4,887	993	63,181	14,608	59	90	14,757	77,938	89,129	
Repairs and maintenance	24,733	-	-	-	-	-	24,733	-	-	3,696	3,696	28,429	41,622	
Professional fees	108,358	510	40	18,737	12,390	-	140,035	22,179	-	4,810	26,989	167,024	184,456	
Supplies	26,990	4,238	1,404	3,790	857	83	37,362	146	-	1,731	1,877	39,239	35,135	
Insurance	29,974	-	-	-	-	-	29,974	16,134	-	-	16,134	46,108	44,026	
Utilities	33,321	-	-	-	-	-	33,321	-	-	4,979	4,979	38,300	35,849	
Vehicle costs	23,978	-	-	-	-	-	23,978	-	-	35	35	24,013	26,424	
Food	48,364	281	439	3,942	793	-	53,819	1,950	-	-	1,950	55,769	52,663	
Advertising and promotion	1,209	-	424	3,430	225	-	5,288	101	-	-	101	5,389	9,768	
Telephone	9,451	-	1,548	560	480	-	12,039	2,554	-	118	2,672	14,711	17,598	
Equipment rental	7,813	-	-	5,760	1,091	-	14,664	2,063	-	259	2,322	16,986	95,720	
Dues/publications	4,895	-	250	-	-	-	5,145	1,053	-	-	1,053	6,198	21,061	
Subtotal	1,498,255	120,074	67,790	193,127	204,650	6,258	2,090,154	158,734	44,644	32,289	235,667	2,325,821	2,343,868	
Depreciation	-	-	-	-	-	-	-	-	-	102,905	102,905	102,905	88,496	
Total expenses	\$ 1,498,255	\$ 120,074	\$ 67,790	\$ 193,127	\$ 204,650	\$ 6,258	\$ 2,090,154	\$ 158,734	\$ 44,644	\$ 135,194	\$ 338,572	\$ 2,428,726	\$ 2,432,364	

The accompanying notes are an integral part of these financial statements

NOVATO YOUTH CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(With summarized comparative totals for the year ended June 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 330,196	\$ (366,849)
Adjustment to reconcile decrease in net assets to net cash provided by operations:		
Depreciation	102,905	88,496
Gain on sale of investments	(388,296)	(118,673)
Unrealized loss (gain) on investments	211,885	319,096
Increase (decrease) in receivables and prepaids	(23,872)	(12,405)
Increase (decrease) in:		
Accounts payable and accruals	5,362	(9,178)
Deferred revenue	(3,838)	(1,314)
Cash provided (used) by operating activities	234,342	(100,827)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investment	3,490,668	913,623
Purchase of investments	(3,314,546)	(806,405)
Purchase of fixed assets	(149,125)	(47,615)
Cash provided (used) by investing activities	26,997	59,603
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long term note payable	29,446	(25,906)
Borrowings on long term note payable	-	-
Cash provided (used) by financing activities	29,446	(25,906)
NET INCREASE IN CASH	290,785	(67,130)
CASH, BEGINNING OF THE YEAR	595,303	662,433
CASH, END OF THE YEAR	\$ 886,088	\$ 595,303

The accompanying notes are an integral part of these financial statements

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 ORGANIZATION

The Novato Youth Center (Center) was incorporated in 1976 as a nonprofit corporation under the laws of the State of California to provide various youth services primarily in northern Marin County, California. The Center's mission is to inspire and prepare youth to succeed. The Center provides youth and families, particularly those in need, with comprehensive programs that connect them to resources, strengthen skills, build community, and support their academic, emotional, and physical growth. The Center has grown to serve over 2,653 youth and their families annually through programs offered in their 23,000 sq. ft. main facility; on elementary, middle and high school campuses throughout Novato; and in the community. The Center's four program areas serve ages 12 months through adulthood, and include Child Development; Health and Wellness; Family and Community Engagement; and Community-based Prevention. The Center continuously strives to improve the effectiveness of their programs. The Center evaluates them throughout the year, gathering qualitative and quantitative data and analyzing that data against both process and outcome measures. In striving for continuous improvement, the Center sets yearly goals that coincide with our three-year strategic plan, and, when available, we participate in external evaluations. The Center also listens to the feedback of the youth and families who are affected by our programs, and regularly administers satisfaction surveys.

The Center is funded from diverse sources including program fees, government grants, individual and corporate donations, and foundation grants.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Center reports information regarding its financial position and activities on an accrual basis according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets – 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.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Center to meet the stipulations or that become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be retained and invested permanently by the Center to use all or part of the investment return on these net assets for specified or unspecified purposes.

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net assets released from restriction – Temporarily restricted net assets are “released” to unrestricted net assets 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 unrestricted net assets unless subject to donor-imposed restrictions. If temporary restrictions are fulfilled in the same time period the revenue or support is received, the Center reports the revenue or support as unrestricted. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents – Cash equivalents consist primarily of money market accounts and other investments with an original maturity of 90 days or less. The Center maintains its cash balances in one finance institution. The accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017 the Center’s uninsured cash balances total \$636,088.

Investments – Investments are made up of stocks, mutual funds, treasury funds and certificates of deposits and are reported at their fair values in the statement of financial position. The fair value of the equities securities are based upon quoted prices in active markets (Level 1 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statement of activities as net realized and unrealized gains on investments.

Fair Value Measures – The Center reports its fair value measures by using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

The three level of the fair value hierarchy under GAAP are:

Level 1 – Unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Level 3 – Prices for valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (inputs are supported by little or no market activity).

Unemployment Insurance Trust – The Center is self-insured for their unemployment claims. A third party administrator maintains the account. The Center pays into the account quarterly and unemployment claims are paid from the account. The cash is available to the Center at any time.

Accounts and Grants Receivable – Accounts and grants receivable are made up of family fees, contract income, grant income and other program fees due to the Center. The Center considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts do become uncollectible, they are charged to operations when the determination is made.

Property and equipment – The Center records purchased property and equipment at cost and donated fixed assets are recorded at fair value at the date received. Assets purchased with government grant or contract funds are subject to certain restrictions for which depreciation may not be claimed against child development contracts. Assets purchased with government funds remain the property of the government for the life of the asset. The Center holds these assets in trust for the government and, therefore, the assets have been recorded on the statement of financial position. Purchases of those assets are recorded as expenses of the appropriate government program. Assets purchased with non-governmental funds are depreciated using the straight-line method over their estimated useful lives of the respective assets. Estimated useful lives range from, three to forty years.

Deferred revenue – Deferred revenue is made up of monies received in advance of the revenues being earned for program fees.

Income Taxes – The Center is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined the Center is not a private foundation under Section 509(a)(2).

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Income Taxes, continued – Management of the Center 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 Center's status as a not-for-profit entity. Management believes the Center met the requirements to maintain its tax-exempt status. The Center may be liable for taxes on net unrelated business income. The Center's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

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. Accordingly, certain costs have been allocated among the programs and supporting services.

Donated Services and Items – Many people have contributed significant amounts of time to the activities of the Center without compensation. The financial statements do not reflect the value of those contributed services and items because, although clearly substantial, no reliable basis exists for determining an appropriate valuation.

Summarized Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 3 FAIR VALUE MEASUREMENTS AND INVESTMENTS

The following table presents the assets and liabilities recognized in the accompanying statements of financial position that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which those fair value measurements fall at June 30, 2017:

	<u>Level 1</u>
Exchanges Traded	\$ 1,275,600
Bonds	693,902.0
Equities	429,272
Cash	<u>24,339</u>
Total	<u>\$ 2,423,113</u>

Investment earnings are as follows for the year ended June 30, 2017:

Interest and dividend income	\$ 71,350
Net realized gains (losses)	388,296
Net unrealized gains (losses)	<u>(211,885)</u>
Total investment return	<u>\$ 247,761</u>

NOTE 4 PLANT AND EQUIPMENT

At June 30, 2017 the fixed assets account group consisted of:

	<u>Agency Owned</u>	<u>Government Owned</u>
Land and improvements	\$ 319,060	
Buildings and improvements	2,119,183	\$ 115,993
Annex	29,986	-
Vehicle	265,587	-
Equipment	54,413	-
Furniture and fixtures	<u>132,365</u>	-
	2,920,594	<u>115,993</u>
Accumulated depreciation	<u>(2,596,518)</u>	-
Net plant and equipment	<u>\$ 324,076</u>	<u>\$ 115,993</u>

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 ACCUMULATED PAID TIME OFF

Accumulated unpaid personal time off benefits are recognized as liabilities of the Center. The value of accumulated personal time off at June 30, 2017 is \$65,174.

NOTE 6 LINE OF CREDIT

The Center has a line of credit with a bank, which provides for total borrowings of \$150,000. The note is collateralized by substantially all of the Center's assets. The note bears interest at the prime rate (3.5 percent per annum at June 30, 2017) plus an additional 0.5% per annum. Interest payments on the outstanding principal balance are due monthly. All outstanding principal and accrued interest is due at maturity. The line of credit matures December 15, 2017. The Center had no borrowings under the line as of June 30, 2017.

NOTE 7 IN LIEU FEE PAYABLE

As part of its 1988 property improvements, the Center entered into an agreement with the City of Novato for an "in lieu fee" of \$35,000 for the cost of moving the electric, telephone and cable television utilities underground fronting the Center property. The entire amount, plus annually compounded cost of living increases, is due upon sale of the property. The agreement is secured by a lien against the property.

NOTE 8 NOTE PAYABLE

The Center purchased a vehicle during fiscal year ending June 30, 2015 under a note payable to a bank with an initial principal of \$30,949. Monthly payments of \$579 include principal and interest at 4.5 percent, beginning January 2015, and maturing February 2020. The loan was paid off during the year ended June 30, 2017.

The Center purchased a vehicle during fiscal year ending June 30, 2017 under a note payable to a bank with an initial principal of \$35,253. Monthly payments of \$667 include principal and interest at 5 percent, beginning February 2017, and maturing January 2022. The balance at June 30, 2017 is \$32,697.

NOVATO YOUTH CENTER
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE 8 NOTE PAYABLE, continued

Future principal maturities on the notes for years ending on June 30 are as follows:

2018	\$ 6,501
2019	6,839
2020	7,190
2021	6,938
2022	<u>5,229</u>
Total	<u>\$ 32,697</u>

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017, the Center's temporarily restricted net assets consisted of the following program-restricted grants and contributions:

Operating funds	\$ 179,752
Child Development/ Family Engagement	174,766
Wellness Center/ Teen Clinic	51,708
Counseling	36,799
Other programs	<u>126,235</u>
Total cash	<u>569,260</u>
Government owned assets	<u>115,993</u>
Total temporarily restricted net assets	<u>\$ 685,253</u>

NOTE 10 ENDOWMENT

The Center's endowment consists of funds designated by the Board of Directors to function as an endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Center has interpreted California's enacted version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the fair market value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 ENDOWMENT, continued

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Center and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Center
- (7) The investment policies of the Center

Endowment net asset composition as of June 30, 2017:

	<u>Unrestricted</u>
Board-designated endowment fund	\$ <u>2,423,113</u>

Changes in endowment net assets for the year ended June 30, 2017:

Endowment net assets, beginning of year	\$ 2,422,844
Investment return:	
Investment income	71,350
Realized gains	388,296
Unrealized losses	<u>(211,885)</u>
Total investment return	247,761
Change in board designated endowment funds	
Net amount used	<u>247,472</u>
Endowment net assets, end of year	\$ <u>2,423,113</u>

Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Center to retain as a fund of perpetual duration.

NOVATO YOUTH CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 EMPLOYEE BENEFIT PLAN

The Center has a defined contribution plan open to all employees. Under the plan, the Center could contribute up to a five percent match to employees upon commencement of qualifying employment and vesting is after two years. Qualifying employment is defined as more than 1,040 hours per year. The discretionary contribution is a board decision made as part of the budget process. In fiscal year 2017, the Center did not contribute to the plan.

NOTE 12 CONTINGENCIES

The Center receives support from the state government equal to fifteen percent of total revenue. A significant reduction in the level of this support, if this were to occur, may have an effect on the Center's programs.

NOTE 13 SUBSEQUENT EVENTS

The Center has evaluated subsequent events through November 1, 2017, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2017 that would have a material impact on the Center's results of operations or financial position.

SUPPLEMENTAL INFORMATION

NOVATO YOUTH CENTER
SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

GRANTOR	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	AWARD AMOUNT			EXPENDITURES	
			FEDERAL	STATE	TOTAL	FEDERAL	STATE
U.S. Department of Health and Human Services:							
Drug Free Communities Support Program	93.276	5H79SP018200-02	\$ 125,000			\$ 31,182	
U.S. Department of Agriculture							
<i>Passed through the California Department of Education:</i>							
Child Care Food Program	10.558	2T-T266-00	36,320		\$ 36,320	36,320	
U.S. Department of Health and Human Services:							
<i>Passed through the California Department of Education:</i>							
Child Development Programs	93.575/93.596	CCTR-6139	88,661	\$ 125,031	213,692	88,661	\$ 634,197
Child Development Programs	93.575/93.596	CSPP-6266	-	27,705	27,705	-	267,650
			<u>124,981</u>	<u>152,736</u>	<u>277,717</u>	<u>124,981</u>	<u>901,847</u>
Child Development Programs	(a)	CCTR-6136	-	90,994	90,994	-	104,067
U.S. Department of Housing and Urban Development							
<i>Passed through the County of Marin</i>							
Community Development Block Grant	14.218	N/A	<u>8,600</u>	<u>-</u>	<u>8,600</u>	<u>8,600</u>	<u>-</u>
Total Federal and State			<u>\$ 258,581</u>	<u>\$ 243,730</u>	<u>\$ 377,311</u>	<u>\$ 164,763</u>	<u>\$ 1,005,914</u>

(a) Novato Youth Center operated this contract for Community Action Marin, which has a direct contract with CDE.

See notes to supplemental information

NOVATO YOUTH CENTER
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>CCTR-6139</u>	<u>CSPP-6266</u>	<u>Subcontract CCTR-6136</u>	<u>Total CDE Contracts</u>	<u>Non-CDE Programs</u>	<u>Total</u>
Revenue and Support:						
Government contracts:						
Childcare programs	\$ 213,833	\$ 21,178	\$ 90,994	\$ 326,005		\$ 326,005
Childcare food program	<u>26,976</u>	<u>5,526</u>	<u>3,818</u>	<u>36,320</u>		<u>36,320</u>
Total Government Contracts	240,809	26,704	94,812	362,325		362,325
Other revenue and support:						
Family fees - certified children	23,840	1,182	7,976	32,998		32,998
Family fees - non-certified children	283,221	276,510	198,048	757,779	\$ 16,547	774,326
Grants and United Way	-	-	-	-	948,286	948,286
Contributions	-	-	-	-	104,935	104,935
Contracts	-	-	-	-	152,642	152,642
Special Events and fundraising	-	-	-	-	53,969	53,969
Investment income	-	-	-	-	71,350	71,350
Gain on sale of investments	-	-	-	-	388,296	388,296
Unrealized gain on investments	-	-	-	-	(211,885)	(211,885)
Other revenue	-	-	-	-	81,680	81,680
Total revenue and support	<u>547,870</u>	<u>304,396</u>	<u>300,836</u>	<u>1,153,102</u>	<u>1,605,820</u>	<u>2,758,922</u>
Expenses:						
Salaries	528,390	213,680	74,811	816,881	749,798	1,566,679
Taxes and benefits	66,856	28,791	10,059	105,706	131,467	237,173
Instructional materials and supplies	55,800	4,941	7,590	68,331	38,265	106,596
Food service supplies	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	28,429	28,429
Travel and conferences	-	-	-	-	24,013	24,013
Insurance	-	-	-	-	46,107	46,107
Other operating services/expenses	40,952	10,766	9,039	60,757	256,067	316,824
Depreciation expense	<u>30,860</u>	<u>9,472</u>	<u>2,568</u>	<u>42,900</u>	<u>60,005</u>	<u>102,905</u>
Total expenses	<u>722,858</u>	<u>267,650</u>	<u>104,067</u>	<u>1,094,575</u>	<u>1,334,151</u>	<u>2,428,726</u>
Change in Net Assets	<u>\$ (174,988)</u>	<u>\$ 36,746</u>	<u>\$ 196,769</u>	<u>\$ 58,527</u>	<u>\$ 271,669</u>	<u>\$ 330,196</u>

See notes to supplemental information

NOVATO YOUTH CENTER
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>CCTR-6139</u>	<u>CSPP-6266</u>	<u>CAM CCTR-6136</u>	<u>Total</u>
1000 CERTIFIED PERSONNEL SALARIES	\$ 297,286	\$ 145,438	\$ 52,566	\$ 495,290
2000 CLASSIFIED PERSONNEL SALARIES	231,104	68,242	22,245	321,591
3000 EMPLOYEE BENEFITS	66,856	28,791	10,059	105,706
4000 BOOKS, SUPPLIES, EQUIPMENT REPLACEMENT	55,800	4,941	7,590	68,331
5000 CONTRACTED SERVICES AND OTHER OPERATING EXPENSES	40,952	10,766	9,039	60,757
Depreciation expense	30,860	9,472	2,568	42,900
Start up costs	-	-	-	-
6000 CAPITAL OUTLAY				
6100 Other approved capital outlay	-	-	-	-
Total expenses claimed for reimbursement	<u>\$ 722,858</u>	<u>\$ 267,650</u>	<u>\$ 104,067</u>	<u>\$ 1,094,575</u>

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

See notes to supplemental information

NOVATO YOUTH CENTER
SCHEDULE OF REIMBURSABLE EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2017

Unit Cost Under \$7,500 Per Item:

None

Unit Cost Over \$7,500 Per Item
With Prior Written Approval:

None

Unit Cost Over \$7,500 Per Item
With Prior Written Approval:

None

See notes to supplemental information

NOVATO YOUTH CENTER
SCHEDULE OF REIMBURSABLE ADMINISTRATIVE EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2017

	CDE		CAM	Total
	CCTR 6139	CSPP 6266	CCTR 6136	
Salaries and wages	\$ 54,623	\$ 20,593	\$ 7,877	\$ 83,093
Fringe and payroll taxes	9,765	3,681	1,408	14,854
Supplies	1,030	388	149	1,567
Telephone	1,679	633	242	2,554
Professional services	14,519	5,474	2,094	22,087
Insurance	10,606	3,998	1,529	16,133
Other operating expenses	<u>12,154</u>	<u>4,551</u>	<u>1,741</u>	<u>18,446</u>
Total	<u>\$ 104,376</u>	<u>\$ 39,318</u>	<u>\$ 15,040</u>	<u>\$ 158,734</u>

See notes to supplemental information

AUDITED ATTENDANCE AND FISCAL REPORTS

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: Novato Youth Center Vendor No. T266

Fiscal Year Ended: June 30, 2017 Contract No. CSPP 6266

Independent Auditor's Name: Goranson and Assicates, Inc.

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	261		261	1.1800	307.980
Full-time	155		155	1.0000	155.000
Three-quarters-time	74		74	0.7500	55.500
One-half-time	61		61	0.6196	37.796
<i>Exceptional Needs</i>			-		
Full-time-plus			-	1.4160	-
Full-time			-	1.2000	-
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6196	-
<i>Limited and Non-English Proficient</i>			-		
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6196	-
<i>At Risk of Abuse or Neglect</i>			-		
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6196	-
<i>Severely Disabled</i>			-		
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6196	-
TOTAL DAYS OF ENROLLMENT	551	-	551		556.276
DAYS OF OPERATION	248		248		
DAYS OF ATTENDANCE	551		551		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: Novato Youth Center Vendor No. T266
 Fiscal Year Ended: June 30, 2017 Contract No. CSPP 6266

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Toddlers (18 up to 36 months)</i>			-	1.6520	-
Full-time-plus			-	1.4000	-
Full-time			-	1.0500	-
Three-quarters-time			-	0.7700	-
One-half-time					
<i>Three and Four Year Olds</i>	39		39	1.1800	46.020
Full-time-plus	4,411		4,411	1.0000	4,411.000
Full-time	149		149	0.7500	111.750
Three-quarters-time	4		4	0.6196	2.478
One-half-time					
<i>Exceptional Needs</i>			-	1.4160	-
Full-time-plus			-	1.2000	-
Full-time			-	0.9000	-
Three-quarters-time			-	0.6196	-
One-half-time					
<i>Limited and Non-English Proficient</i>			-	1.2980	-
Full-time-plus			-	1.1000	-
Full-time			-	0.8250	-
Three-quarters-time			-	0.6196	-
One-half-time					
<i>At Risk of Abuse or Neglect</i>			-	1.2980	-
Full-time-plus			-	1.1000	-
Full-time			-	0.8250	-
Three-quarters-time			-	0.6196	-
One-half-time					
<i>Severely Disabled</i>			-	1.7700	-
Full-time-plus			-	1.5000	-
Full-time			-	1.1250	-
Three-quarters-time			-	0.6196	-
One-half-time					
TOTAL DAYS OF ENROLLMENT	4,603	-	4,603		4,571.248

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: Novato Youth Center

Vendor No. T266

Fiscal Year End: June 30, 2017

Contract No. _____

SECTION III - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED INCOME			
Child Nutrition Programs	\$5,526		\$5,526
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$5,526	\$0	\$5,526
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
Subtotal	\$0	\$0	\$0
Family Fees for Certified Children	1,182		1,182
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	276,510		276,510
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
TOTAL REVENUE	\$283,218	\$0	\$283,218

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	145,438		145,438
2000 Classified Salaries	68,242		68,242
3000 Employee Benefits	28,791		28,791
4000 Books and Supplies	4,941		4,941
5000 Services and Other Operating Expenses	10,766		10,766
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)			0
6500 Replacement Equipment (<i>program-related</i>)			0
Depreciation or Use Allowance	9,472		9,472
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$267,650	\$0	\$267,650
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$39,318		\$39,318

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

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

- YES
 NO - Explain any

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

- YES
 NO - Explain any

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.

AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs

Agency Name: Novato Youth Center

Vendor No. T266

Fiscal Year Ended: June 30, 2017

Contract No. CCTR 6139

Independent Auditor's Name: Goranson and Associates, Inc.

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>			-	2.006	-
Full-time-plus			-	2.006	-
Full-time			-	1.700	-
Three-quarters-time			-	1.275	-
One-half-time			-	0.935	-
<i>FCCH Infants (up to 18 months)</i>			-	1.652	-
Full-time plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
One-half-time			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>			-	1.652	-
Full-time-plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
On-half-time			-	0.770	-
<i>Three Years and Older</i>			-	1.652	-
Full-time-plus	492		492	1.180	580.560
Full-time	1,457		1,457	1.000	1,457.000
Three-quarters-time	1,044		1,044	0.750	783.000
One-half-time	5,620		5,620	0.550	3,091.000
<i>Exceptional Needs</i>			-	1.416	-
Full-time-plus			-	1.416	-
Full-time			-	1.200	-
Three-quarters-time			-	0.900	-
One-half-time			-	0.660	-
<i>Limited and Non-English Proficient</i>			-	1.298	-
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>At Risk of Abuse or Neglect</i>			-	1.298	-
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>Severely Disabled</i>			-	1.770	-
Full-time-plus			-	1.770	-
Full-time			-	1.500	-
Three-quarters-time			-	1.125	-
One-half-time			-	0.825	-
TOTAL DAYS OF ENROLLMENT	8,613	-	8,613		5,911.560
DAYS OF OPERATION	248		248		
DAYS OF ATTENDANCE	8,624		8,624		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: Novato Youth Center Vendor No. T266
 Fiscal Year Ended: June 30, 2017 Contract No. CCTR 6139

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus			-	2.006	-
Full-time			-	1.700	-
Three-quarters-time			-	1.275	-
One-half-time			-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
One-half-time			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
On-half-time			-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus	46		46	1.180	54.280
Full-time	1,741		1,741	1.000	1,741.000
Three-quarters-time	408		408	0.750	306.000
One-half-time	7,681		7,681	0.550	4,224.550
<i>Exceptional Needs</i>					
Full-time-plus			-	1.416	-
Full-time			-	1.200	-
Three-quarters-time			-	0.900	-
One-half-time			-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.770	-
Full-time			-	1.500	-
Three-quarters-time			-	1.125	-
One-half-time			-	0.825	-
TOTAL DAYS OF ENROLLMENT	9,876	-	9,876		6,325.830

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: Novato Youth Center

Vendor No. T266

Fiscal Year End: June 30, 2017

Contract No. CCTR 6139

SECTION III - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED INCOME			
Child Nutrition Programs	\$26,976		\$26,976
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	\$26,976	\$0	\$26,976
Transfer from Reserve			0
Family Fees for Certified Children	23,840		23,840
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	283,221		283,221
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
TOTAL REVENUE	\$334,037	\$0	\$334,037

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	297,286		297,286
2000 Classified Salaries	231,104		231,104
3000 Employee Benefits	66,856		66,856
4000 Books and Supplies	55,800		55,800
5000 Services and Other Operating Expenses	40,952		40,952
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)			0
6500 Replacement Equipment (<i>program-related</i>)			0
Depreciation or Use Allowance	30,860		30,860
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$722,858	\$0	\$722,858
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$104,376		\$104,376

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

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

YES

NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: Novato Youth Center Vendor No. T266
 Fiscal Year Ended: June 30, 2017 Contract No. CCTR 6136
 Independent Auditor's Name: Goranson and Associates, Inc.

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>			-	2.006	-
Full-time-plus			-	2.006	-
Full-time			-	1.700	-
Three-quarters-time			-	1.275	-
One-half-time			-	0.935	-
<i>FCCH Infants (up to 18 months)</i>			-	1.652	-
Full-time plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
One-half-time			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>			-	1.652	-
Full-time-plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
On-half-time			-	0.770	-
<i>Three Years and Older</i>			-	1.652	-
Full-time-plus	295		295	1.180	348.100
Full-time	744		744	1.000	744.000
Three-quarters-time	230		230	0.750	172.500
One-half-time	2,177		2,177	0.550	1,197.350
<i>Exceptional Needs</i>			-	1.416	-
Full-time-plus			-	1.416	-
Full-time			-	1.200	-
Three-quarters-time			-	0.900	-
One-half-time			-	0.660	-
<i>Limited and Non-English Proficient</i>			-	1.298	-
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>At Risk of Abuse or Neglect</i>			-	1.298	-
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>Severely Disabled</i>			-	1.770	-
Full-time-plus			-	1.770	-
Full-time			-	1.500	-
Three-quarters-time			-	1.125	-
One-half-time			-	0.825	-
TOTAL DAYS OF ENROLLMENT	3,446	-	3,446		2,461.950
DAYS OF OPERATION	248		248		
DAYS OF ATTENDANCE	3,446		3,446		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: Novato Youth Center

Vendor No. T266

Fiscal Year Ended: June 30, 2017

Contract No. CCTR 6136

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus			-	2.006	-
Full-time			-	1.700	-
Three-quarters-time			-	1.275	-
One-half-time			-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus			-	1.652	-
Full-time			-	1.400	-
Three-quarters-time			-	1.050	-
One-half-time			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	140		140	1.652	231.280
Full-time	2,627		2,627	1.400	3,677.800
Three-quarters-time	308		308	1.050	323.400
On-half-time	7		7	0.770	5.390
<i>Three Years and Older</i>					
Full-time-plus	80		80	1.180	94.400
Full-time	5,394		5,394	1.000	5,394.000
Three-quarters-time	527		527	0.750	395.250
One-half-time	7,671		7,671	0.550	4,219.050
<i>Exceptional Needs</i>					
Full-time-plus			-	1.416	-
Full-time			-	1.200	-
Three-quarters-time			-	0.900	-
One-half-time			-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.298	-
Full-time			-	1.100	-
Three-quarters-time			-	0.825	-
One-half-time			-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.770	-
Full-time			-	1.500	-
Three-quarters-time			-	1.125	-
One-half-time			-	0.825	-
TOTAL DAYS OF ENROLLMENT	16,754	-	16,754		14,340.570

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: Novato Youth Center Vendor No. T266
 Fiscal Year End: June 30, 2017 Contract No. CCTR 6136

SECTION III - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED INCOME			
Child Nutrition Programs	\$3,818		\$3,818
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	\$3,818	\$0	\$3,818
Transfer from Reserve			0
Family Fees for Certified Children	7,976		7,976
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			0
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
TOTAL REVENUE	\$11,794	\$0	\$11,794

SECTION IV - REIMBURSABLE EXPENSES			
<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	52,566		52,566
2000 Classified Salaries	22,245		22,245
3000 Employee Benefits	10,059		10,059
4000 Books and Supplies	7,590		7,590
5000 Services and Other Operating Expenses	9,039		9,039
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)			0
6500 Replacement Equipment (<i>program-related</i>)			0
Depreciation or Use Allowance	2,568		2,568
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$104,067	\$0	\$104,067
TOTAL ADMINISTRATIVE COSTS (<i>included in section IV above</i>)	\$15,040		\$15,040
FOR CDE-A&I USE ONLY:			

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

YES

NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

YES

NO - Explain any discrepancies.

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

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.

AUD 9500, Page 3 of 4 (FY 2016-17) California Department of Education

CCFP SCHEDULES

NOVATO YOUTH CENTER
CHILD AND ADULT CARE FOOD PROGRAM - CHILD CARE CENTERS
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS
AND EARNED REIMBURSEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Reported Adjusted, Allowed	Cost	Revenue	Adjustments	Earned
Breakfast					
Free	3,052	\$ 1.71	\$ 5,219	-	\$ 5,219
Reduced	900	1.41	1,269	-	1,269
Base	6,682	0.29	1,938	-	1,938
Total	<u>10,634</u>		<u>8,426</u>		<u>8,426</u>
Lunch					
Free	3,337	3.16	10,545	-	10,545
Reduced	971	2.76	2,680	-	2,680
Base	7,664	0.30	2,299	-	2,299
Total	<u>11,972</u>		<u>15,524</u>		<u>15,524</u>
Supplements					
Free	8,486	0.86	7,298	-	7,298
Reduced	2,905	0.43	1,249	-	1,249
Base	15,286	0.07	1,070	-	1,070
Total	<u>26,677</u>		<u>9,617</u>		<u>9,617</u>
Cash-in-lieu	<u>11,972</u>	0.2300	<u>2,754</u>		<u>2,754</u>
Total Federal reimbursement			<u>\$ 36,320</u>		<u>36,320</u>
Total reimbursement overpaid/refund due state					<u>\$ -</u>

See notes to supplemental information

NOVATO YOUTH CENTER
CHILD CARE FOOD PROGRAM - CHILD CARE CENTERS
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED ENROLLMENT
FOR THE YEAR ENDED JUNE 30, 2017

Fixed Percentage Method

	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
Free	42	42	42	51	51	51	51	51	51	51	51	51
Reduced	17	17	17	17	17	17	17	17	17	17	17	17
Basic	<u>98</u>	<u>98</u>	<u>98</u>	<u>82</u>	<u>82</u>	<u>82</u>	<u>82</u>	<u>82</u>	<u>82</u>	<u>82</u>	<u>82</u>	<u>82</u>
Total	<u>157</u>	<u>157</u>	<u>157</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>

See notes to supplemental information

NOVATO YOUTH CENTER
CHILD CARE FOOD PROGRAM - CHILD CARE CENTERS
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED MEALS
FOR THE YEAR ENDED JUNE 30, 2017

	July	August	September	October	November	December	January	February	March	April	May	June
Breakfast												
Total	786	1,043	904	907	829	794	831	779	1,079	846	922	914
Free	185	244	206	277	254	245	254	237	330	256	277	287
Reduced	68	89	73	77	70	69	70	65	91	70	74	84
Base	533	710	625	553	505	480	507	477	658	520	571	543
Lunch												
Total	1,695	1,601	630	658	834	690	882	817	790	913	780	1,682
Free	444	395	120	178	247	198	261	241	214	269	215	555
Reduced	177	150	35	36	63	48	67	61	43	68	46	177
Base	1074	1056	475	444	524	444	554	515	533	576	519	950
Supplements												
Total	1,665	2,482	2,475	2,549	2,199	2,058	2,205	1,969	2,544	2,046	2,376	2,109
Free	435	653	660	864	743	695	741	659	850	681	794	711
Reduced	173	261	267	286	245	229	243	215	276	219	257	234
Base	1057	1568	1548	1399	1,211	1,134	1,221	1,095	1,418	1,146	1,325	1,164

**All meals are reported, adjusted and allowed

See notes to supplemental information

NOVATO YOUTH CENTER
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2017

1. Statement of Cash Flows
CDE encourages organizations to use the direct method for reporting net cash flows from operating activities, but it also allows them to use the indirect method.
2. Schedule of Expenditures of Federal and State Awards
 - a. Federal and State awards expended are reported on the accrual basis of accounting in conformity with generally accepted accounting principles as described in the Notes to the Financial Statements.
 - b. The federal expenditures were less than \$750,000; therefore, no single audit was performed.
3. Property
Property purchased with CDE contract funds during fiscal year 2016-2017 has been separately accounted for in the property management system.
4. Allowable Indirect Costs
Indirect costs are only applicable to the 1000 - 5000 series of general ledger expenditure accounts in the California School Accounting Manual. In accordance with CDP's FT&C's, indirect costs cannot be charged on capital outlay expenditures in the 6000 series accounts.
5. Claim Preparation
Monthly CACFP claims were prepared in accordance with the Total Count - Fixed Percentage claiming method.

The "Total Count - Fixed Percentage" claiming method requires each Agency to accurately categorize enrollment data into free, reduced price, and base rate categories at least one time at the beginning of the fiscal year. The percentage for each category becomes the percentage used to determine reimbursement for the fiscal year. These percentages may be adjusted by the Agency to accurately categorize enrollment if material changes in the enrollment percentages occur during the fiscal year.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Novato Youth Center
Novato, 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 Novato Youth Center (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Novato Youth Center 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 Novato Youth Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Novato Youth Center'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.



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Novato Youth Center's 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.

Goranson and Associates, Inc.

November 1, 2017
Santa Rosa, California

NOVATO YOUTH CENTER
SCHEDULE OF AUDITOR'S RESULTS, FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued	UNMODIFIED
---------------------------------	------------

Internal control over financial reporting:

Material weaknesses identified?	NO
---------------------------------	----

Significant deficiencies identified that are not considered to be material weaknesses?	NO
---	----

Non-compliance material to financial statements noted?	NO
--	----

FINDINGS AND QUESTIONED COSTS

Financial Statement Audit findings or questioned costs?	NO
---	----