LAKE FAMILY RESOURCE CENTER
SINGLE AUDIT REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
ORGANIZATION

Lake Family Resource Center (Organization) is a nonprofit corporation organized in 1995 under the laws of the State of California. The primary purpose of the Organization is to provide intervention, support, education, and prevention programs to improve total health status and family wellness for all residents of Lake County.

BOARD OF DIRECTORS

Name	Office
Mr. Andrew Peterson	Chair / Finance Committee
Mr. Henry "Buzz" Dereniuk	Vice Chair / Finance Committee
Ilene Dumont	Secretary
John Tomkins	Treasurer / Finance Committee
Becky Salato	Member
Karlene Ellis	Member
Richard Freeborn	Member
Stephanie Simon	Member
Genee Woodson	Member

ADMINISTRATION

Ms. Lisa Morrow, Executive Director
Ms. Maggie Gonzalez, Director of Finance and Operations
Ms. Michelle Meek, Human Resources Director

ADDRESS OF ADMINISTRATIVE OFFICE

5350 Main Street
Kelseyville, CA 95451

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(A California Non-Profit Corporation)
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Lake Family Resource Center
(A California Non-Profit Corporation)
Kelseyville, California

Report on the Financial Statements

We have audited the accompanying financial statements of Lake Family Resource Center (A California Non-Profit Corporation) which comprise the statement of financial position as of June 30, 2019, 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 Lake Family Resource Center as of June 30, 2019, 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, Lake Family Resource Center has adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

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 May 4, 2020, on our consideration of Lake Family Resource 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 Lake Family Resource Center's internal control over financial reporting and compliance.

Vasquez, Hays + Co.

Calabasas, California
May 4, 2020

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

		2019
ASSETS		
Cash and cash equivalents	$	151,961
Accounts and grants receivable		370,810
Deposits and prepaid expenses		35,929
Property and equipment, net		1,163,021
Total assets	$	1,721,721
LIABILITIES		
Accounts payable	$	113,363
Accrued payroll and related liabilities		191,108
Compensated absences		49,758
Deferred revenue		107,869
Payable to County of Lake		33,459
Loan payable		73,920
Service payback obligation		100,000
Total liabilities		669,477
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions		1,052,244
Total net assets		1,052,244
Total liabilities and net assets	$	1,721,721

See accompanying auditors’ reports and notes to financial statements

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Governmental service contracts	$ 3,394,362	$ -	$ 3,394,362
Other support contracts	12,900	-	12,900
Contributions and grants	20,284	-	20,284
In-kind revenue	533,159	-	533,159
Interest income	3	-	3
Reduction of service payback obligation	900,000	-	900,000
Other income	408	-	408
Special events revenue	66,823	-	66,823
Total revenue and support	4,927,939	-	4,927,939
EXPENSES			
Child and youth development	1,539,495	-	1,539,495
Parenting education and personal development	125,941	-	125,941
Family and community violence prevention, intervention, and treatment	1,538,867	-	1,538,867
Health and wellness	244,179	-	244,179
General Operating	443,135	-	443,135
Fundraising expenses	24,443	-	24,443
Total expenses	3,916,060	-	3,916,060
CHANGE IN NET ASSETS	1,011,879	-	1,011,879
NET ASSETS - beginning of year	40,365	1,000,000	1,040,365
Restatement adjustment (Note 16)	-	(1,000,000)	(1,000,000)
Net assets, beginning of year as restated	40,365	-	40,365
NET ASSETS - end of year	$ 1,052,244	$ -	$ 1,052,244

See accompanying auditors' reports and notes to financial statements

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services						
	Child and Youth Development	Parenting Education and Personal Development	Family and Community Violence Prevention, Intervention, and Treatment	Health and Wellness	General Operating	Fundraising	2019 Total Expenses
Salaries and related expenses							
Salaries	$ 710,874	$ 82,060	$ 599,745	$ 168,563	$ 249,607	$ 1,796	$ 1,812,645
Payroll taxes and employee benefits	172,124	20,744	148,817	27,940	83,685	525	453,835
	882,998	102,804	748,562	196,503	333,292	2,321	2,266,480
Other expenses							
Advertising and promotion	61	4	69	2	16	155	307
Auto expense	1,037	4	5,780	52	6	-	6,879
Bank charges	-	-	-	-	2,312	-	2,312
Client assistance	19,819	-	442,282	1,001	124	-	463,226
Computer expenses	6,351	749	3,834	466	1,381	-	12,781
Depreciation	-	-	-	-	36,459	-	36,459
Dues and subscriptions	9,507	646	5,330	360	2,866	-	18,709
Education and training	9,671	2	10,819	153	754	-	21,399
Equipment rental and maintenance	16,359	441	17,537	4,400	(6,148)	705	33,294
Improvements	(378)	(39)	10,344	(32)	(7,693)	-	2,202
In-kind, facilities	834	-	-	-	-	-	834
In-kind, materials and equipment	4,342	-	20,331	-	-	3,877	28,550
In-kind, mileage	13	-	-	-	-	-	13
In-kind, volunteer services	402,450	88	99,884	427	913	-	503,762
Insurance	14,012	1,916	11,269	1,128	2,252	-	30,577
Interest expense	-	-	-	-	5,847	-	5,847
Licenses and permits	1,232	20	300	17	2,428	-	3,997
Miscellaneous expenses	1,611	52	891	347	13,622	10,023	26,546
Office expenses	6,157	1,309	16,944	603	1,388	-	26,401
Postage	141	-	242	2	754	2,012	3,151
Printing	564	-	-	-	-	-	564
Professional fees	5,592	980	8,176	869	35,362	-	50,979
Rent	60,493	6,348	13,969	8,283	4,271	-	93,364
Repairs and maintenance	20,709	2,418	23,749	1,328	3,063	-	51,267
Small equipment	-	-	1,331	-	-	-	1,331
Supplies	3,796	83	21,707	5,393	590	5,168	36,737
Telephone and communications	9,691	1,298	14,202	3,966	2,162	-	31,319
Travel	41,827	4,249	29,904	17,308	3,089	182	96,559
Utilities	20,606	2,569	31,411	1,603	4,025	-	60,214
Total expenses	$ 1,539,495	$ 125,941	$ 1,538,867	$ 244,179	$ 443,135	$ 24,443	$ 3,916,060
Administrative costs	$ 131,207	$ 14,584	$ 228,022	$ 25,176	$ (398,989)	$ -	$ -

See accompanying auditors’ reports and notes to financial statements

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	2019
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 1,011,879
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	36,459
Reduction of service payback obligation	100,000
Restatement adjustment	(1,000,000)
(Increase) decrease in:	
Accounts and grants receivable	(134,054)
Deposits and prepaid expenses	(8,419)
Increase (decrease) in:	
Accounts payable	49,220
Accrued payroll and related liabilities	57,025
Compensated absences	9,799
Deferred revenue	(35,810)
Payable to County of Lake	(7,416)
Total adjustments	(933,196)
Net Cash Provided (Used) by Operating Activities	78,683
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of fixed assets	(49,932)
Net Cash Provided (Used) by Investing Activities	(49,932)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from borrowings on loan payable	80,000
Proceeds from borrowings on line of credit	310,000
Repayment of line of credit	(390,600)
Repayment of loan payable	(6,080)
Net Cash Provided (Used) by Financing Activities	(6,680)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,071
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	129,890
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 151,961
Non-cash activities disclosure:	
In-kind contributions	$ 533,159
Reduction of service payback obligation	$ (100,000)
Supplemental disclosure:	
Interest paid	$ 5,847

See accompanying auditors' reports and notes to financial statements

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. ORGANIZATION

Lake Family Resource Center (Organization) is a nonprofit corporation organized in 1995 under the laws of the State of California. The primary purposes of the Organization are to provide intervention, support, education, and prevention programs to improve total health status and family wellness for all residents of Lake County.

Functional Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities.

The Organization maintains the following six main functions:

<u>Child and Youth Development</u> – The program is comprised of the following specialized services: The Early Head Start Program is a national program that promotes school readiness by enhancing the social and cognitive development of children through the provision of educational, health, nutritional, social, and other services to enrolled children and families. The Adolescent Family Life Program promotes the development of collaborative and integrated systems of care that support pregnant and parenting adolescents and their children. Early Start provides family support services to developmentally disabled infants, toddlers and their families through the local Family Resource Center/Network (FRC/N) as specified in Government Code Section 95016(B). Prevention Resource and Referral Services (PRRS) provides delivery of outreach, information and referral to generic services to "at-risk" babies in our region. The Cal-Learn program assists CalWORKs teen parents in becoming self-sufficient by addressing the unique educational, vocational, training, health and other social service needs they may require. Financial incentives and penalties are used to encourage these teen parents to stay in or return to school and earn a high school diploma or its equivalent. In addition, a case manager works with the teen parent and provides intensive case management as well as supportive services. The California Personal Responsibility Education Program (CA PREP) is intended to educate youth on preventing pregnancy and sexually transmitted infections (STIs), including the human immunodeficiency virus (HIV). The program includes both abstinence based and contraception, and covers selected adulthood preparation subjects (APS).

<u>Parenting Education and Personal Development</u> – The program is comprised of the following specialized services: The Nurturing Parenting Programs teach age-specific parenting skills along with addressing the need to nurture oneself.

1. ORGANIZATION - Continued

Family and Community Violence Prevention, Intervention, and Treatment – The program is comprised of various specialized services: The Domestic Violence Assistance Program and Welfare to Work Program provide a domestic violence shelter and counseling services. The Rape Crisis Center and Rape Prevention and Education Programs assist sexual assault victims in dealing with the emotional trauma inflicted by the assault, and conduct activities related to the prevention of sexual violence. Differential Response (DR) is an alternate response for low or moderate severity child abuse and neglect cases. It allows our Family Advocates and county social workers to work together to engage and include families and other community support systems to ensure child safety without making a strict "finding." The Domestic Violence Housing First (KD) Program, (DVHF) program expands the number of domestic violence-specific projects that first focus on helping victims increase access to and retain safe, permanent housing and provide tailored supportive services. The Victim Advocacy in Detention Facilities (KA) Program increase access to appropriate services for victims of sexual assault in detention facilities. The Program will fund a Sexual Assault Counselor, per Evidence Code §1035.2, to focus solely on serving victims in local detention facilities, and to act as a point of contact to assist in removing any physical or programmatic barriers to service for victims in the detention facility. The Transitional Housing Assistance Grants for Victims of Domestic Violence, Dating Violence, Sexual Assault and Stalking (Transitional Housing Program) supports programs that provide 6-24 months of transitional housing with support services for victims who are homeless or in need of transitional housing as a result of a situation of domestic violence, dating violence, sexual assault or stalking; and for whom emergency shelter services or other crisis intervention services are unavailable or insufficient. The Transitional Housing (XH) Program will support transitional housing, short-term housing assistance, and supportive services, including follow-up services that move victims of crime into permanent housing.

Health and Wellness – The program is comprised of various specialized services: The Child Abuse Treatment Program provides comprehensive direct services to children who are victims of abuse, neglect, domestic violence, community violence, and abduction.

General Operating – General operating expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Fundraising – Fundraising activities are organized by the Lake Family Resource Center Fundraising Committee and include the Wine and Chocolate Event, the Olive Festival and other small events.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization 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 the Organization are described below to enhance the usefulness and understandability of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets

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

- *Without donor restrictions.* Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for 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.

- *With Donor Restrictions*. Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period or are limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The Organization'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 net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as donor restricted until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. At June 30, 2019, the Organization did not have any highly liquid investments.

Receivables

Receivables consist of grants and other miscellaneous amounts and are stated at the amount management expects to collect from outstanding balances. Grant receivables are primarily unsecured amounts due on cost reimbursement or performance contracts. Any amount that is denied for reimbursement is written off when the Organization receives notification from the grantor agency. The Organization uses the allowance method of accounting for its account receivables that are determined to be potentially uncollectable. No allowance for doubtful accounts for grants and other miscellaneous receivables is considered necessary at June 30, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deposits and Prepaid Expenses

Prepaid insurance, deposits, and other costs are expensed ratably over their respective terms of agreement.

Property and Equipment, Net

Buildings, equipment, furniture and fixtures, vehicles, and other property are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All assets purchased over $5,000 with useful life over one year will be capitalized and depreciated using straight-line method. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 to 30 years
Building improvements	5 to 10 years
Equipment	3 to 7 years
Furniture and fixtures	5 to 7 years
Leasehold improvements	Remaining lease term
Vehicles	5 years

Property and equipment purchased in connection with the restricted funds of the U.S. Department of Health and Human Services are expensed during the grant period. Assets purchased with grantor funds, which are not expensed in the period acquired are recorded as an asset and an offsetting liability. The related assets are depreciated over their estimated useful lives.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restrictions.

Deferred Revenue

Cash received for Federal, State, and other restricted projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Revenues from government agencies, and other third-party payors for services provided under such contracts are recognized when earned by the Organization. All gifts, bequests, and other public support are included in net assets without donor restrictions unless specifically restricted by the donor or the terms of the gift or grant instrument. Revenue received where the restriction is met in the same fiscal year is reported under net assets without donor restrictions. Amounts received in excess of balances earned are recognized as liabilities.

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 required by 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, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions, 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 net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with donor 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.

In-Kind Donations of Goods and Services

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The types of in-kind donated to the Organization include volunteer services, mileage, facilities, and material and equipment. The total in-kind contributions for the year ended June 30, 2019 was $533,159.

Allocation of Expenses

Costs incurred that are not chargeable directly to a program are allocated between the programs/grants, generally on a child served basis or allocated based on each program's number of full-time equivalent employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgets and Budgetary Accounting

Formal budgeting integration is employed as a management control device in that the budget is developed on a basis consistent with generally accepted accounting principles as approved by the Board of Directors which is updated as circumstances dictate.

Risks and Uncertainties

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

Income Taxes

The Organization 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).

The Organization 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, 2019, the Organization had no material unrecognized tax benefits, tax penalties or interest.

The Organization Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30; 2018, 2017, 2016, 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, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Recent Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 makes certain improvements to current reporting requirements, including:

1. Reducing the classes of net assets from three (unrestricted, temporarily restricted, and permanently restricted) to two (with donor restrictions and without donor restrictions).

2. Enhancing disclosures about:

    a. Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions.
    b. Composition of net assets with donor restrictions and how the restrictions affect the use of resources.
    c. Qualitative information about management of liquid resources and quantitative information about the availability of liquid resources to meet cash needs for general expenditures within one year of the statement of financial position date.
    d. Amounts of expenses by both their natural classification and their functional classification in one location as a separate statement or in the notes to the financial statements.
    e. Methods used to allocate costs among program and support functions.
    f. Underwater endowment funds.

3. Reporting investment return net of external and direct internal investment expenses.

4. Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

The amendments in this ASU have been applied by the Organization on a retrospective basis in fiscal year 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value Measurements

The Organization 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 the Organization 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, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

3. CASH AND CASH EQUIVALENTS

Cash and equivalents at June 30, 2019 was $151,961.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair values to changes in market interest rates.

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. The Organization does not have a formal policy for custodial credit risk for deposits. Cash balances in banks and revolving funds are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2019, the Organization's bank balances were fully insured.

4. ACCOUNTS AND GRANTS RECEIVABLE

At June 30, 2019, accounts and grants receivables consisted of the following:

	Amount
California Department of Developmental Services	$ 20,471
California Department of Public Health	80,350
California Office of Emergency Services	104,174
County of Lake Auditor-Controller's Office	103,547
Lakeport Senior Center	829
State of California Victim Compensation	1,386
Other receivables	36,352
Accounts receivables	23,701
Total accounts and grants receivables	$ 370,810

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

5. PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2019 consists of the following:

	Amount
Buildings and improvements	$ 715,078
Equipment	99,886
Furniture and fixtures	61,416
Land	540,000
Leasehold improvements	356,671
Vehicles	113,377
	1,886,428
Less accumulated depreciation	(723,407)
Total property and equipment, net	$ 1,163,021

Total depreciation expense for the year ended June 30, 2019 was $36,459.

6. COMPENSATED ABSENCES

Vacation and holiday benefits are accrued on a monthly basis beginning at the employee's date of hire and can be used three months after an employee's official hire date. Regular status employees are eligible for vacation and holiday accrual. Currently, the Organization, does not maintain a policy to cap the accrued balances.

Employees earn vacation time at the following rates:

Years Employed	Annualized Accrual	Maximum Accrual
1-3 year	168 hours	2 weeks
3-5 years	208 hours	3 weeks
5-7 years	248 hours	4 weeks
7-10 years	288 hours	5 weeks
10+ years	328 hours	6 weeks

Total accrued vacation and holiday time at June 30, 2019 was $49,758.

7. DEFERRED REVENUE

At June 30, 2019 deferred revenue consisted of the following:

		Amount
Domestic Violence Assistance Program	$	2,864
Early Head Start		42,308
Hope Rising		55,181
NCO- Fire Survivor Counseling/MH		7,500
Other		16
Total deferred revenue	$	107,869

8. BORROWING ARRANGEMENTS

Payable to County of Lake

During the year ended June 30, 2013, costs determined unallowable to the Tobacco program, a program maintained by the Organization on behalf of the County of Lake, resulted in an amount to be repaid to the County. The original amount payable was $61,875. As of, June 30, 2014 the Organization had negotiated a repayment plan with the County of Lake. According to the note, the balance is secured by the property owned by the Organization at 1293 Craig Avenue, Lakeport, California 95453. Payments may be made on this from time to time as funds are available. The balance is due in full on or before November 1, 2024. The organization also agrees to remit at least one-third of unrestricted donations received in amounts greater than $1,000 to the County of Lake, as a payment on principle, as they are received. At June 30, 2019, the Organization had a balance due in the amount of $33,459.

Loan Payable

On February 2019, the Organization entered into a loan payable with Savings Bank of Mendocino County which matures February 2024. The loan is payable in monthly installments of $1,602 per month with interest payable at 7.5% per annum. The balance owed at June 30, 2019 was $73,920. For the year ended June 30, 2019 interest expense was $3,667.

Future minimum payments on the loan payable are as follows:

Year Ended June 30,		Amount
2020	$	14,035
2021		15,125
2022		16,299
2023		17,564
2024		10,897
Total	$	73,920

8. BORROWING ARRANGEMENTS - Continued

Line of Credit

Pursuant to a revolving line of credit agreement with Savings Bank of Mendocino County which expires on May 8, 2020, the Organization may borrow up to $100,000 bearing interest at the current index rate, as defined, generally prime plus 2.25% per annum. The loan agreement is collateralized by the Organization's inventory, chattel paper, accounts, equipment, and general intangibles. The line of credit agreements contains certain covenants which were in compliance during the year ended June 30, 2019. For the year ended June 30, 2019 interest expense was $2,180. There was no balance due to the bank at June 30, 2019.

9. SERVICE PAYBACK LOAN OBLIGATION

During the year ended June 30, 2010 the Organization entered into a $1,000,000 service payback obligation contract with the Department of Housing and Community Development (HCD) for an Emergency Housing Assistance Program Capital Development (EHAPCD) deferred loan for the purchase of the Development described as Lake Family Resource Center Domestic Violence Shelter. Repayment of the Loan shall be deferred as long as the Development is used as an emergency shelter, a transitional housing facility, or a safe haven. At the completion of the initial ten (10) year loan term, the loan shall be forgiven. If the development is not used for the above activities the promissory note shall bear interest at a rate of 3% simple interest per annum. The Organization intends to use the facility as an emergency center through the ten-year loan period. The outstanding balance on the obligation as of June 30, 2019 is $100,000.

10. COMMITMENTS

Facilities

The Organization conducts operations from a facility that is leased under a year-to-year operating lease the expired on February 28, 2020. Payments are due and payable on the 1st day of each month in the amount of $6,960.

The Organization conducts operations from a facility that is leased under a year-to-year operating lease expiring on August 31, 2021. Payments are due and payable on the 1st day of each month in the amount of $1,100.

For the year ended June 30, 2019, total rent expense was $93,364.

10. COMMITMENTS - Continued

Equipment

The Organization leases office equipment under a 5-year non-cancelable and 3.5- year non-cancelable, interest free, operating lease all expiring on March 31, 2022. Future payments are as follows:

For the Year Ended June 30,	Amount
2020	$ 18,674
2021	18,674
2022	17,036
Total future minimum lease payments	$ 54,384

For the year ended June 30, 2019, total equipment rental and maintenance expense was $33,294.

11. SPECIAL EVENTS

The Organization conducted various special events and fundraising activities during the year. The revenue and expenses from fund development activities for the year ended June 30, 2019 were as follows:

Event	Revenue	Expenses	Net Revenue
Annual Appeal	$ 8,428	$ -	$ 8,428
Luau Event	4,050	(1,899)	2,151
Kelseyville Olive Festival	18,582	(4,932)	13,650
Wine & Chocolate Event	35,763	(15,270)	20,493
Total special events, net	$ 66,823	$ (22,101)	$ 44,722

12. EMPLOYEE BENEFIT PLAN

The Organization maintains a defined contribution retirement plan available to its employees, which allows participants to make tax deferred investment contributions. The plan qualifies under the provision 403(b) of the Internal Revenue Code of 1954, as amended. The Organization may contribute a percentage of gross salaries to the plan. The total employer’s cash contributions made by the Organization to the Plan for the year ended June 30, 2019 was $28,424.

13. NATURAL CLASSIFICATIONS

The Organization's administrative costs are reimbursed by and allocated among the other divisions based on approved indirect cost rates. Natural classifications of expenses are as follows:

	Amount
Salaries and wages	$ 325,722
Audit	2,819
Depreciation	36,459
Overhead	33,989
Total	$ 398,989

14. COMMITMENTS AND CONTINGENCIES

Grants

The Organization received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Organization. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Organization at June 30, 2019.

Litigation

As of June 30, 2019 the Organization is not currently involved in any litigation.

Commitments

As of June 30, 2019 the Organization had no material commitments outstanding.

15. CONCENTRATION RISK

The majority of the Organization's contributions and grants are received from corporations, foundations, and individuals and from agencies located throughout the state of California. As such, the Organization's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Organization's services.

During the year ended June 30, 2019, approximately 72% of the total funding for the Organization came from the U.S. Department of Health and Human Services and California Office of Emergency Services.

16. RESTATEMENT ADJUSTMENT

During the year ended June 30, 2019, the Organization corrected an error in accounting for a service payback obligation loan. The effect of this correction of an error was to decrease net assets by $1,000,000 as of June 30, 2018 and increase revenue.

17. LIQUIDITY AND FUNDS AVAILABLE

The total financial assets held by the Organization at June 30, 2019 and the amount of those financial assets that could be made available for general expenditure within one year of the date of the statement of financial position are summarized in the following table:

	June 30, 2019
Financial assets:	
Cash and cash equivalents	$ 151,961
Accounts and grants receivables	370,809
Total financial assets	522,770
Financial assets available to meet cash needs for general expenditures within one year	$ 522,770

The Organization's goal is generally to maintain financial assets to meet 60 days of operating expenses (approximately $360,000). As part of its liquidity plan, the Organization bills government-funded contracts in accordance with funding terms and conditions or receives periodic advances from funders, generally monthly. Amounts available for expenditure over the period of the next twelve are dependent on governmental funder's payment cycles which vary from 30 to 90 days. The Organization has a $100,000 line of credit available to meet cash flow needs.

18. SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to June 30, 2019, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through May 4, 2020, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

INFORMATION REQUIRED BY *GOVERNMENT AUDITING STANDARDS* AND THE UNIFORM GUIDANCE

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

To the Board of Directors of
Lake Family Resource Center
(A California Non-Profit Corporation)
Kelseyville, 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 Lake Family Resource Center(A California Non-Profit Corporation), which comprise the statement of financial position as of June 30, 2019, 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 May 4, 2020.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lake Family Resource 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.

Vasin, Heyn + Co.

Calabasas, California
May 4, 2020

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
Lake Family Resource Center
(A California Non-Profit Corporation)
Kelseyville, California

Report on Compliance for Each Major Federal Program

We have audited Lake Family Resource Center (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 Lake Family Resource Center's major federal programs for the year ended June 30, 2019. Lake Family Resource Center's 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, contracts, 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 Lake Family Resource Center'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 Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Lake Family Resource Center'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 Lake Family Resource Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Lake Family Resource Center 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, 2019.

Report on Internal Control Over Compliance

Management of Lake Family Resource Center 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 Lake Family Resource Center'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 in accordance with 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 Lake Family Resource Center'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.

Vasin, Heyn + Co.

Calabasas, California
May 4, 2020

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019
FEIN: 68-0353914

Federal & State Grantor/ Pass Through Grantor/ Program Title	Federal CFDA #	Pass-Through/ Award Number	Expenditures	Payments to Subrecipients
FEDERAL FUNDING:				
U.S. Department of Justice				
Direct:				
Transitional Housing Domestic Violence Sexual Assault Program				
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	**16.736**	2017-WH-AX-0022	**$ 133,856**	**$ -**
Passed Through the California Office of Emergency Services (Cal OES)				
Victims of Crime Act - Rape Crisis (07/01/2018 - 09/30/2018)	16.575	RC 17 20 1641	85,944	-
Victims of Crime Act - Rape Crisis (10/01/2018 - 06/30/2019)	16.575	RC 18 21 1641	91,880	-
Victims of Crime Act - CHAT (07/01/2018 - 09/30/2018)	16.575	AT 17 03 1641	96,748	-
Victims of Crime Act - CHAT (10/01/2018 - 06/30/2019)	16.575	AT 18 04 1641	123,318	-
Victims of Crime Act - DVAP (07/01/2018 - 09/30/2018)	16.575	DV 17 17 1641	66,359	-
Victims of Crime Act - DVAP (10/01/2018 - 06/30/2019)	16.575	DV 18 18 1641	199,629	-
Victims of Crime Act - XH (01/01/2019 - 06/30/2019)	16.575	XH 18 01 1641	60,879	-
Victims of Crime Act - KD (07/01/2018 - 06/30/2019)	16.575	KD 17 01 1641	369,069	-
Victims of Crime Act - KA (07/01/2018 - 06/30/2019)	16.575	KA 17 01 1641	84,894	-
Crime Victim Assistance	**16.575**		**1,178,720**	**-**
Total U.S. Department of Justice			**$ 1,312,576**	**$ -**
U.S. Department of Health and Human Services				
Direct:				
Early Head Start (07/01/2018 - 04/30/2019)	93.600	09CH9194/04	$ 790,899	$ -
Early Head Start (05/01/2019 - 06/30/2019)	93.600	09CH9194/05	238,000	-
Head Start	**93.600**		**1,028,899**	**-**
Passed Through Lake County Department of Social Services				
Temporary Assistance for Needy Families - Welfare to Work	93.558	N/A	25,000	-
Temporary Assistance for Needy Families - Cal-Learn	93.558	N/A	38,899	-
Temporary Assistance for Needy Families	**93.558**		**63,899**	**-**
Passed Through the California Department of Health Services				
Adolescent Family Life Demonstration Projects				
Maternal and Child Health Services Block Grant to the States	**93.994**	12-10068	**102,862**	**-**
Passed Through the California Department of Health Services				
Personal Responsibility Education Program				
Affordable Care Act (ACA) Personal Responsibility Education Program	**93.092**	15-10310	**94,505**	**-**
Total U.S. Department of Health and Human Services			**$ 1,290,165**	**$ -**
U. S. Department of Agriculture				
Passed Through the California Department of Education				
Child and Adult Care Food Program	**10.558**	17-3008-OJ	**$ 19,045**	**$ -**
Total U.S. Department of Agriculture			**$ 19,045**	**$ -**
TOTAL FEDERAL PROGRAMS:			**$ 2,621,786**	**$ -**
STATE FUNDING:				
Passed Through the California Office of Emergency Services (Cal OES)				
Victims of Crime Act - Rape Crisis (07/01/2018 - 09/30/2018)	N/A	RC 17 20 1641	$ 2,155	$ -
Victims of Crime Act - Rape Crisis (10/01/2018 - 06/30/2019)	N/A	RC 18 21 1641	47,752	-
Victims of Crime Act - DVAP (07/01/2018 - 09/30/2018)	N/A	DV 17 17 1641	54,900	-
Victims of Crime Act - DVAP (10/01/2018 - 06/30/2019)	N/A	DV 18 18 1641	129,764	-
TOTAL STATE PROGRAMS			**$ 234,571**	**$ -**
TOTAL FEDERAL AND STATE PROGRAMS			**$ 2,856,357**	**$ -**
STATE LOAN				
Department of Housing and Community Development				
Emergency Housing Assistance Program Capital Development Loan	N/A	07-EHAPCD-4010	$ 100,000	$ -
Total State Loan			**$ 100,000**	**$ -**

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") includes the Federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2019. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

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* (CFR) 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

The Organization elected to use the 10% de minimis indirect cost rate for the year ended June 30, 2019.

4. LOAN AND LOAN GUARANTEE

The Organization did not have any balances of federal loan and loan guarantee programs outstanding at June 30, 2019 for loans described in 2 CFR section 200.50(b).

During the year ended June 30, 2019, the Organization had the following state loan program:

Department of Housing and Community Development:	
Outstanding balance as of June 30, 2018	$ -
Current year service payback addition	1,000,000
Reduction of service payback obligations	(900,000)
Outstanding balance as of June 30, 2019	$ 100,000

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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:

CFDA Number(s)	Name of Federal Program or Cluster
16.575	Crime Victim Assistance

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.

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
CURRENT AND PRIOR YEARS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

CURRENT YEAR FINDINGS:

2019 Findings:

There were no 2019 findings noted.

2019 Questioned Costs:

There were no 2019 questioned costs noted.

PRIOR YEARS FINDINGS:

2018 Findings:

There were no 2018 findings noted.

2018 Questioned Costs:

There were no 2018 questioned costs noted.

2017 Findings:

There were no 2017 findings noted.

2017 Questioned Costs:

There were no 2017 questioned costs noted.