

**Family Assistance Program
(a California Non-profit Corporation)
Audit Report**

June 30, 2018

Financial Section

Independent Auditor’s Report..... 1

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

Supplementary Information

Schedule of Expenditures of Federal Awards..... 11

Notes to Schedule of Expenditures of Federal Awards..... 12

Other Independent Auditor’s Reports

Other Independent Auditor’s 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*..... 13

Independent Auditor’s Report on Compliance for Each Major Program and on Internal
Control Over Compliance Required by the Uniform Guidance..... 15

Findings and Questioned Costs

Summary of Auditor’s Results..... 17

Schedule of Findings and Questioned Costs..... 18

Summary Schedule of Prior Audit Findings..... 19

Financial Section



RICK ARDITO, CPA

www.arditocpa.com | 760.946.5032 | rick@arditocpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Family Assistance Program
Victorville, California

I have audited the accompanying financial statements of Family Assistance Program, (a California non-profit organization) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

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

Opinion

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

Other Matters***Other Information***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal 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 my 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*, I have also issued my report dated February 24, 2019 on my consideration of Family Assistance Program's internal control over financial reporting and on my 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 Family Assistance Program's internal control over financial reporting and compliance.



Apple Valley, California
February 24, 2018

Family Assistance Program
 (A California Non-profit Corporation)
 Statement of Financial Position
 June 30, 2018

ASSETS

Current assets

Cash	\$ 313,192
Grants and contracts receivable	306,004
Prepaid expenses	28,837
Security deposits	8,869
Total current assets	656,902

Capital assets:

Depreciable assets	1,546,480
Less: Accumulated depreciation	(358,838)
Total capital assets, net	1,187,642

Other assets

Loan costs	15,023
Less: Accumulated amortization	(5,624)
Total other assets, net	9,399

TOTAL ASSETS	\$ 1,853,943
---------------------	---------------------

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 142
Accrued expenses	43,427
Current portion of Long-term debt	47,471
Total current liabilities	91,040

Long-term debt, net of current portion	1,046,487
--	-----------

Total Liabilities	1,137,527
-------------------	-----------

NET ASSETS

Unrestricted	716,416
--------------	---------

The accompanying notes are an integral part of these statements.

Family Assistance Program
(A California Non-profit Corporation)
Statement of Activities and Change in Net Assets
For the Year Ended June 30, 2018

SUPPORT AND REVENUE	
Grants/contract support	3,150,054
Contributions	43,395
In-kind contributions	38,689
Investment income	19
Fees and fines	5,999
Fundraising	<u>40,105</u>
TOTAL SUPPORT AND REVENUE	3,278,261
EXPENSES	
Program Services:	2,606,767
Supporting Services:	461,325
Fundraising	<u>20,209</u>
TOTAL EXPENSES	<u>3,088,301</u>
CHANGE IN NET ASSETS	189,960
NET ASSETS-UNRESTRICTED, BEGINNING	<u>526,456</u>
NET ASSETS-UNRESTRICTED, ENDING	<u>\$ 716,416</u>

The accompanying notes are an integral part of these statements.

Family Assistance Program
(A California Non-profit Corporation)
Statement of Functional Expenses
For the Year Ended June 30, 2018

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Employee compensation:				
Salaries	1,324,157	317,169	-	1,641,326
Payroll taxes	141,850	15,761	-	157,611
Workers Comp	43,603	6,094	-	49,697
Medical Benefits	<u>102,143</u>	<u>12,205</u>	-	<u>114,348</u>
Total Salaries and related expenses	1,611,753	351,229	-	1,962,982
Other expenses:				
Advertising and promotions	36,890	2,287	-	39,177
Legal and Professional	22,103	6,795	-	28,898
Bank fees	-	5,213	-	5,213
Client expense	196,076	-	-	196,076
Depreciation and amortization	46,437	5,160	-	51,597
Fundraising expenses	-	-	20,209	20,209
Insurance	23,900	569	-	24,469
Interest expense	28,564	29,718	-	58,282
Office expenses	43,922	43,901	-	87,823
Payroll services	-	1,404	-	1,404
Property expenses-Our House	179,796	-	-	179,796
Property expenses-Hope House	9,429	-	-	9,429
Property expenses-Next	76,523	-	-	76,523
Property expenses-Open Door	18,055	-	-	18,055
Youth Centers	90,891	-	-	90,891
Telephone and utilities	78,129	12,178	-	90,307
Travel and training	<u>144,298</u>	<u>2,871</u>	-	<u>147,169</u>
Total expenses	<u>\$ 2,606,767</u>	<u>\$ 461,325</u>	<u>\$ 20,209</u>	<u>\$ 3,088,300</u>

The accompanying notes are an integral part of these statements.

Family Assistance Program
(A California Non-profit Corporation)
Statement of Cash Flows
For the Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 189,960
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	51,597
(Increase) Decrease in Current Assets:	
Accounts Receivable	37,135
Prepaid expenses	(19,094)
Security deposits	1,600
Increase (Decrease) in Current Liabilities:	
Accounts Payable	141
Accrued Payroll	<u>443</u>
Net Cash Provided By (Used In) Operating Activities	261,782

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property and equipment	<u>(270,017)</u>
Total Cash Provided By (Used In) Investing Activities	<u>(270,017)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt	(36,810)
Borrowings on long-term debt	176,000
Loan forgiven from the Town of Apple Valley	<u>(14,052)</u>
Total Cash Provided By (Used In) Financing Activities	<u>125,138</u>

Net Increase (Decrease) in Cash and Cash Equivalents 116,903

Cash and Cash Equivalents at Beginning of Year 196,289

Cash and Cash Equivalents at End of Year \$ 313,192

Cash paid for interest \$ 58,273

The accompanying notes are an integral part of these statements.

NOTE 1 – NATURE OF ACTIVITIES SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Family Assistance Program, is a nonprofit organization. Prior to June 2011, the Organization's name was High Desert Domestic Violence, Inc. The state approved the name change and the articles of incorporation were amended for the change. The Organization provides a temporary "live-in" shelter, called Hope House, for victims of domestic violence residing in the Victor Valley area. The Organization operates a runaway youth shelter in the city of Redlands that is called Our House. They have a transitional house in Victorville and two transitional houses in the city of San Bernardino that are part of the probation program. They operate a multi-residential housing unit in the town of Apple Valley to provide affordable rent to households earning equal to or less than fifty percent of the federal poverty level. They also have an office in the City of San Bernardino for the Open Door program that provides assistance to victims of human trafficking in the County of San Bernardino. Food, clothing, counseling, transportation, and education are also provided at the domestic violence and runaway youth shelter locations.

Basis of Accounting and Presentation

The Organization's policy is to prepare its financial statements on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There are no temporarily or permanently restricted net assets as of June 30, 2018.

Income Taxes

The Organization is a nonprofit, public benefit corporation exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3). The Organization is also exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code.

Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Organization did not have any net unrelated business income for the year ended June 30, 2018. It is management's belief that the Organization does not hold any uncertain tax positions that would materially impact the financial statements.

Revenue Recognition

Contributions- Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions or conditions. Temporarily restricted net assets have donor-imposed restrictions either based on the passage of time or the fulfillment of a specified purpose. Permanently restricted net assets have donor-imposed restrictions stipulating resources be maintained permanently and may permit the not-for-profit to use or expend part or all of the income or economic benefit derived from the donated assets. Unrestricted net assets are neither permanently nor temporarily restricted by donor-imposed stipulations. Their only limits come from the nature of the nonprofit, its environment, the purpose specified by incorporation or bylaw articles, or contractual agreements with suppliers, creditors, or others.

*Support and Revenues-*The Organization receives various funds from federal, state and local agencies, as well as other nonprofit organizations in the form of grants and reimbursement contracts. The disbursement of these funds generally requires compliance with terms and conditions specified in the grant or contract agreement and are subject to audit by the granting agency. Such audits could result in a request for reimbursement by the granting agency for any disallowed expenditures under the terms of the grant or contract.

NOTE 1 – NATURE OF ACTIVITIES SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

In-kind donations-The Organization may receive donations of supplies and volunteer time for use in administering its services. The source of such donations may vary from year-to-year. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Cash and Cash Equivalents

Cash consists of funds held in financial institutions. The Organization considers certificates of deposit with a maturity date of 90 days or longer to be investments. At year-end and throughout the year, the Organization's cash balances were deposited in one financial institution. As of December 31, 2018 the Organization did not hold any cash as investments.

Cash balances are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). Amounts above the FDIC limit are secured by the financial institution. At June 30, 2018, all amounts are fully insured or collateralized.

Accounts Receivable

Grants and contracts receivable are stated at the amounts allowable under the terms of their current contracts. An allowance for doubtful accounts is not recorded as the organization expects to receive the full amount of the receivables.

Property and Equipment

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation expense for 2018 was \$51,237. Depreciation on all assets is provided on the straight-line basis over estimated useful live ranging from five to twenty-seven and a half years.

Loan Fees

Loan origination fees and refinancing costs incurred in the origination of the Organization's mortgage are amortized over the term of the related debt.

Advertising

Advertising is expensed as incurred. Advertising for the year ended June 30, 2018 was \$ 39,177.

Fundraising

Fundraising expenses consist of employee's payroll, related benefits, and the supplies necessary to carry out the fundraising projects.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Family Assistance Program
 (A California Non-profit Corporation)
 Notes to Financial Statements
 June 30, 2018

NOTE 2 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing and supporting transitional assistance and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and activities benefited.

NOTE 3 – GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable at June 30, 2018 were as follows:

California Department of Education	\$ 4,453
California Office of Emergency Services	168,367
Community Development Block Grants	2,362
EFSP Grant	13,000
Presley	7,048
San Bernardino County, CalWorks	24,704
San Bernardino County, CFS	36,140
San Bernardino County, Probation Department	<u>49,930</u>
 Total	 <u>\$ 306,004</u>

NOTE 4 – MORTGAGE PAYABLE

The Organization owns a building in Mentone, California and a building in Victorville, California. The buildings are financed via a secured mortgage on both buildings obtained from Self-Help Credit Union. The mortgage is payable in monthly installments of \$8,471, including interest at 6.35%. All remaining principal and interest is due in June, 2032.

Required principal payments are as follows for future years ending June 30:

2019	\$ 43,248
2020	46,076
2021	49,088
2022	52,297
2023	55,717
Thereafter	<u>692,609</u>
	 <u>\$ 939,035</u>

Family Assistance Program
(A California Non-profit Corporation)
Notes to Financial Statements
June 30, 2018

NOTE 5 – CAPITAL LEASE

The Organization owns a 2015 Dodge Journey Van used by the domestic violence shelter. The auto is financed via a capital lease obtained from Ally Financial. The capital lease is payable in monthly installments of \$450, including principal and interest at 9.83%. The lease is secured by the vehicle.

Required future minimum payments are as follows for future years ending June 30:

Year Ended June 30,		
2019	\$	4,223
2020		4,638
2021		5,094
2022		<u>445</u>
	\$	<u>14,400</u>

NOTE 6 – RENTAL AGREEMENTS

The Organization leases property in San Bernardino, Victorville, Yucca Valley, and Colton, California for transitional houses, youth shelters, and office space.. The leases expire at various times through November, 2022.

The following is a schedule by years of future minimum payments required under the leases as of June 30, 2018.

2019	\$	150,789
2020		81,786
2021		51,868
2022		50,484
2023		<u>51,998</u>
	\$	<u>386,925</u>

NOTE 7 – CONCENTRATIONS

Grantors

A majority of the Organization's total revenues and other support come from grants administered by federal, state, or local government agencies. Loss of funding would have a significant impact on the Organization's programs.

NOTE 8 – SUBSEQUENT EVENTS

Events subsequent to June 30, 2018 have been evaluated through February 24, 2019, the date at which the Organization's audited financial statements are available to be issued. No events requiring disclosures have occurred through this date.

Supplementary Information

Family Assistance Program
(A California Non-profit Corporation)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Community Development Block Grant	97.024		\$ 10,000
Federal Pell Administrative	84.063		-
Emergency Shelter Grants Program	97.024		<u>24,238</u>
Total U.S. Department of Housing and Urban Development			<u>34,238</u>
U.S. Department of Health and Human Services			
Admin on Children, Youth & Families (Runaway Shelter) [1]	93.623		190,000
Cal OES Family Violence Prevention and Services Act	93.671		145,000
CalWORKS/DV Intervention and Shelter Services	93.558		<u>256,284</u>
Total U.S. Department of Health and Human Services			<u>591,284</u>
U.S. Department of Agriculture			
Child and Adult Care Food Program	10.558		\$ <u>52,433</u>
Federal Pell Administrative	84.063		-
Total U.S. Department of Agriculture			<u>52,433</u>
U.S. Department of Justice			
Cal OES Victims of Crime Act	16.575	*	<u>231,126</u>
Total U.S. Department of Labor			<u>231,126</u>
Total Federal Expenditures			<u>\$ 909,081</u>

[1]: Major Program

*Passthrough identifying number not available

Family Assistance Program
 (A California Non-profit Corporation)
 Notes to Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – LOAN

The Organization entered into an Affordable Housing Agreement with the Town of Apple Valley dated April 30, 2013. The Town of Apple Valley received federal funds from United States Department of Housing and Urban Development under the Neighborhood Stabilization Program to acquire and rehabilitate for resale, abandoned and foreclosed upon homes and residential properties. The Organization borrowed funds from the Town in the amount of \$210,785 to acquire and rehabilitate a four-unit multi-family dwelling located at 16022 Sago Road, in Apple Valley, California.

Under the terms of the agreement, the Organization will utilize the property to provide transitional housing (up to 18 months or less) for battered women at affordable rent to households earnings annually in increments of 1/15 of the gross amount on April 30 of each year starting in 2014. Each April 30, the loan will be reduced by \$14,052 per terms of the agreement if all conditions are met. On April 30, 2018, the fifth reduction of principal was applied.

Loan payable at June 30, 2018, consisted of the following:

Unless forgiven or extended, the loan payable to Town of Apple Valley in the form of a balloon payment of principal plus accrued interest is due March, 2024. The loan is secured by a deed of trust on the property. Loan payable for the year ended June 30, 2018 is \$140,524.

2019	\$	14,052
2020		14,052
2021		14,051
2022		14,052
2023		84,317
	\$	<u>140,524</u>



RICK ARDITO, CPA

www.arditocpa.com | 760.946.5032 | rick@arditocpa.com

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*

Board of Directors
Family Assistance Program
Victorville, California

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Family Assistance Program (a California Nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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 February 24, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Family Assistance Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Assistance Program's internal control. Accordingly, I do not express an opinion on the effectiveness of Family Assistance Program'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 District's material weakness, yet important enough to merit attention by those charged with governance. My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Assistance Program's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Apple Valley, California
February 24, 2019



RICK ARDITO, CPA

www.arditocpa.com | 760.946.5032 | rick@arditocpa.com

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

Board of Directors
Family Assistance Program
Victorville, California

Report on Compliance for Each Major Federal Program

I have audited Family Assistance Program's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Family Assistance Program's major federal programs for the year ended December 31, 2018. Family Assistance Program's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination Family Assistance Program's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Family Assistance Program is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Family Assistance Program'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, I do not express an opinion on the effectiveness of the Organization'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 a 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 weaknesses in internal control over compliance, yet important enough to merit attention by those charged with governance.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. 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 my 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.



Apple Valley, California
February 24, 2019

Family Assistance Program
 (A California Non-profit Corporation)
 Schedule of Audit Findings and Questioned Costs
 For the Year Ended June 30, 2018

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>93.623</u>	Admin on Children, Youth & Families (Runaway Shelter)

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

Family Assistance Program
(A California Non-profit Corporation)
Schedule of Audit Findings and Questioned Costs
For the Year Ended June 30, 2018

FINDINGS-FINANCIAL STATEMENT AUDIT

None

FINDINGS-FEDERAL AWARD AUDIT

None

Family Assistance Program
(A California Non-profit Corporation)
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

None