



Walden
Family
Services

Foster. Adopt. Support.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND DECEMBER 31, 2018



Leaf & Cole, LLP
Certified Public Accountants

**WALDEN FAMILY SERVICES
FINANCIAL STATEMENTS
JUNE 30, 2019 AND DECEMBER 31, 2018**

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Independent Auditor's Report

To the Board of Directors
Walden Family Services

Report on the Financial Statements

We have audited the accompanying financial statements of Walden Family Services, which comprise the statements of financial position as of June 30, 2019 and December 31, 2018, and the related statements of activities, functional expenses and cash flows for the period January 1, 2019 to June 30, 2019 and year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Walden Family Services as of June 30, 2019 and December 31, 2018, and the changes in its net assets and its cash flows for the period January 1, 2019 to June 30, 2019 and year ended December 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards for the period January 1, 2019 to June 30, 2019 and year ended December 31, 2018, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 September 10, 2019, on our consideration of Walden Family Service'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 the effectiveness of Walden Family Service's 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 Walden Family Service's internal control over financial reporting and compliance.

Leaf & Cole LLP

San Diego, California
September 10, 2019

**WALDEN FAMILY SERVICES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND DECEMBER 31, 2018**

ASSETS

	<u>2019</u>	<u>2018</u>
<u>Current Assets:</u> (Notes 2, 4 and 6)		
Cash and cash equivalents	\$ 2,512,798	\$ 2,017,703
Accounts receivable and other receivables, net	1,611,307	1,774,893
Contributions receivable	12,219	58,968
Prepaid expenses and other assets	404,983	467,741
Total Current Assets	<u>4,541,307</u>	<u>4,319,305</u>
<u>Noncurrent Assets:</u> (Notes 2, 5 and 6)		
Property and equipment, net	25,571	18,360
Deposits	444,789	430,259
Total Noncurrent Assets	<u>470,360</u>	<u>448,619</u>
TOTAL ASSETS	<u>\$ 5,011,667</u>	<u>\$ 4,767,924</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Note 2)		
Overpayments	\$ 186,142	\$ 155,477
Accounts payable - Resource parents	127,600	115,200
Accounts payable and accrued expenses	671,097	715,012
Accrued compensated absences	182,974	165,691
Deferred revenue	9,000	-
Total Current Liabilities	<u>1,176,813</u>	<u>1,151,380</u>
Total Liabilities	<u>1,176,813</u>	<u>1,151,380</u>
<u>Commitments</u> (Notes 6, 8 and 9)		
<u>Net Assets:</u> (Notes 2 and 7)		
Without donor restrictions	3,747,840	3,475,091
With donor restrictions	87,014	141,453
Total Net Assets	<u>3,834,854</u>	<u>3,616,544</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,011,667</u>	<u>\$ 4,767,924</u>

The accompanying notes are an integral part of the financial statements.

**WALDEN FAMILY SERVICES
STATEMENTS OF ACTIVITIES
FOR THE PERIOD JANUARY 1, 2019 TO JUNE 30, 2019 AND
THE YEAR ENDED DECEMBER 31, 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Operating Revenue:</u>						
Transitional housing program revenue	\$ 4,711,267	\$ -	\$ 4,711,267	\$ 8,325,692	\$ -	\$ 8,325,692
Resource family placements	1,851,501	-	1,851,501	3,041,904	-	3,041,904
Adoption revenue	225,000	-	225,000	745,000	-	745,000
Visitation revenue	-	-	-	361,478	-	361,478
Nurturing parenting program revenue	158,819	-	158,819	334,972	-	334,972
Independent living revenue	120,105	-	120,105	201,582	-	201,582
Cal learn revenue	63,713	-	63,713	170,014	-	170,014
Other income	35,125	-	35,125	110,629	-	110,629
Mental health revenue	24,682	-	24,682	46,339	-	46,339
Resource family approval program revenue	18,500	-	18,500	21,000	-	21,000
Total Operating Revenue	<u>7,208,712</u>	<u>-</u>	<u>7,208,712</u>	<u>13,358,610</u>	<u>-</u>	<u>13,358,610</u>
<u>Contributions and Public Support:</u>						
Grants and contributions	78,923	93,000	171,923	221,106	259,843	480,949
Special events, net of direct donor costs of \$4,425 and \$40,200, respectively	65,175	-	65,175	1,064,318	-	1,064,318
Net assets released from restrictions	147,439	(147,439)	-	209,752	(209,752)	-
Total Contributions and Public Support	<u>291,537</u>	<u>(54,439)</u>	<u>237,098</u>	<u>1,495,176</u>	<u>50,091</u>	<u>1,545,267</u>
Total Operating Revenue, Contributions and Public Support	<u>7,500,249</u>	<u>(54,439)</u>	<u>7,445,810</u>	<u>14,853,786</u>	<u>50,091</u>	<u>14,903,877</u>
<u>Expenses:</u>						
Program Services	<u>6,275,903</u>	<u>-</u>	<u>6,275,903</u>	<u>11,953,009</u>	<u>-</u>	<u>11,953,009</u>
Supporting Services:						
General and administrative	702,681	-	702,681	1,255,859	-	1,255,859
Fundraising	248,916	-	248,916	1,233,496	-	1,233,496
Total Supporting Services	<u>951,597</u>	<u>-</u>	<u>951,597</u>	<u>2,489,355</u>	<u>-</u>	<u>2,489,355</u>
Total Expenses	<u>7,227,500</u>	<u>-</u>	<u>7,227,500</u>	<u>14,442,364</u>	<u>-</u>	<u>14,442,364</u>
Change in Net Assets	272,749	(54,439)	218,310	411,422	50,091	461,513
Net Assets at Beginning of Year	<u>3,475,091</u>	<u>141,453</u>	<u>3,616,544</u>	<u>3,063,669</u>	<u>91,362</u>	<u>3,155,031</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,747,840</u>	<u>\$ 87,014</u>	<u>\$ 3,834,854</u>	<u>\$ 3,475,091</u>	<u>\$ 141,453</u>	<u>\$ 3,616,544</u>

The accompanying notes are an integral part of the financial statements.

**WALDEN FAMILY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD JANUARY 1, 2019 TO JUNE 30, 2019**

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
<u>Salaries and Related Expenses:</u>				
Salaries	\$ 1,664,156	\$ 391,518	\$ 146,880	\$ 2,202,554
Payroll taxes and employee benefits	375,069	138,312	44,999	558,380
Total Salaries and Related Expenses	<u>2,039,225</u>	<u>529,830</u>	<u>191,879</u>	<u>2,760,934</u>
<u>Nonsalary Related Expenses:</u>				
Advertising and marketing	4,150	7,480	4,377	16,007
Conferences, meeting and trainings	25,887	11,945	986	38,818
Contract labor	79,902	52,388	2,731	135,021
Event expense	-	-	17,696	17,696
In-kind expenses	3,605	-	9,000	12,605
Insurance	55,997	9,735	3,032	68,764
Memberships, licenses and fees	29,002	7,943	450	37,395
Mileage	71,110	2,105	197	73,412
Occupancy	249,631	72,343	15,878	337,852
Other	2,708	8,912	2,690	14,310
Resource family reimbursements	771,043	-	-	771,043
Transitional housing program	2,943,643	-	-	2,943,643
Total Nonsalary Related Expenses	<u>4,236,678</u>	<u>172,851</u>	<u>57,037</u>	<u>4,466,566</u>
Total Expenses	<u>\$ 6,275,903</u>	<u>\$ 702,681</u>	<u>\$ 248,916</u>	<u>\$ 7,227,500</u>

The accompanying notes are an integral part of the financial statements.

**WALDEN FAMILY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
<u>Salaries and Related Expenses:</u>				
Salaries	\$ 3,448,442	\$ 748,015	\$ 371,173	\$ 4,567,630
Payroll taxes and employee benefits	932,746	269,820	80,390	1,282,956
Total Salaries and Related Expenses	<u>4,381,188</u>	<u>1,017,835</u>	<u>451,563</u>	<u>5,850,586</u>
<u>Nonsalary Related Expenses:</u>				
Advertising and marketing	3,716	1,704	4,850	10,270
Conferences, meeting and trainings	41,488	17,019	1,936	60,443
Contract labor	190,069	48,805	15,041	253,915
Event expense	-	-	654,286	654,286
Insurance	113,344	16,266	7,540	137,150
In-kind expenses	43,180	-	36,556	79,736
Memberships, licenses and fees	58,040	12,766	1,353	72,159
Mileage	156,046	6,027	1,084	163,157
Occupancy	512,331	123,243	55,545	691,119
Other	10,941	12,194	3,742	26,877
Resource family reimbursements	1,316,065	-	-	1,316,065
Transitional housing program	5,126,601	-	-	5,126,601
Total Nonsalary Related Expenses	<u>7,571,821</u>	<u>238,024</u>	<u>781,933</u>	<u>8,591,778</u>
Total Expenses	<u>\$ 11,953,009</u>	<u>\$ 1,255,859</u>	<u>\$ 1,233,496</u>	<u>\$ 14,442,364</u>

The accompanying notes are an integral part of the financial statements.

**WALDEN FAMILY SERVICES
STATEMENTS OF CASH FLOWS
FOR THE PERIOD JANUARY 1, 2019 TO JUNE 30, 2019 AND
THE YEAR ENDED DECEMBER 31, 2018**

	<u>2019</u>	<u>2018</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 218,310	\$ 461,513
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,929	19,407
(Increase) Decrease in:		
Accounts receivable and other receivables, net	163,586	67,719
Contributions receivable	46,749	(41,768)
Prepaid expenses and other assets	62,758	(100,361)
Increase (Decrease) in:		
Overpayments	30,665	(17,775)
Accounts payable - Resource parents	12,400	8,861
Accounts payable and accrued expenses	(43,915)	109,236
Accrued compensated absences	17,283	(8,943)
Deferred revenue	9,000	-
Net Cash Provided by Operating Activities	<u>520,765</u>	<u>497,889</u>
<u>Cash Flows From Investing Activities:</u>		
Purchases of property and equipment	(11,140)	(6,089)
Payments for deposits	(14,530)	(239,019)
Net Cash Used in Investing Activities	<u>(25,670)</u>	<u>(245,108)</u>
Net Increase in Cash and Cash Equivalents	495,095	252,781
Cash and Cash Equivalents at Beginning of Year	<u>2,017,703</u>	<u>1,764,922</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,512,798</u>	<u>\$ 2,017,703</u>

The accompanying notes are an integral part of the financial statements.

**WALDEN FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND DECEMBER 31, 2018**

Note 1 - Organization:

Walden Environment

Walden Environment dba Walden Family Services (Walden) was formed in 1976 as a nonprofit organization to provide advocacy, out-of-home placement and treatment services for children unable to remain in their own homes due to abandonment, abuse or neglect. Walden's goal is to help stabilize children, youth and families through community-based prevention and intervention services. Walden is a therapeutic foster family and adoption agency, which is engaged in the recruitment, certification and training of foster and adoptive parents, the placement of foster and adoptive children and a transitional housing program for foster youth. Walden's funding comes primarily from federal, state and county welfare programs. Walden provided services to more than 2,200 foster care clients, children, youth, young adults and families through our Visitation Centers and Adoptions, Extended Care Services -After Care, Cal Learn, Transitional Housing Placement + Foster Care, Transitional Housing Program Plus and Nurturing Parenting programs.

The following describes Walden's programs:

Adoption

Walden Family Services is committed to every child's need for a permanent home. In order to facilitate strong attachments, Walden provides training and supportive therapy for the family and child throughout the adoption process. Walden also provides post-adoptive services to facilitate each family's adjustments as the child grows through each developmental stage into early adulthood.

Foster Care

Foster care provided through a licensed Foster Family Agency (FFA) provides an effective alternative to institutionalization and group home care, which allows children to grow into healthy adult members of the community. Many children in Walden's care are navigating emotional and behavioral challenges as a result of past abuse and neglect and require intensive services to help them heal and remain in a family environment. Walden's specially trained foster families and support services enable children and youth to live with a family that otherwise would be in a group home.

Mental Health Services

Under California Continuum of Care Reform (CCR) implementation, FFA's are being asked to increase access to mental health services to the foster youth in their care. Walden contracts with San Bernardino and Riverside Counties to provide specialty mental health services to Walden foster youth. The clinics provide services including medication management, therapy and rehabilitation. Walden currently is developing a third mental health clinic in Los Angeles. Walden refers clients in need of mental health services to trusted community partners in Walden's district offices without in-house mental health clinics.

**WALDEN FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND DECEMBER 31, 2018**

Note 1 - Organization: (Continued)

Foster Care for Children with Special Health Care Needs/ Intensive Services Foster Care

Walden's Special Health Care Needs (SHCN) and Intensive Services Foster Care (ISFC) program enables foster children and youth with medical needs to move out of skilled nursing facilities and hospitals into highly skilled and specially trained certified foster families. Families care for children with medical equipment-dependent conditions. Equipment includes apnea monitors, nebulizers, oxygen, feeding tubes and other adaptive technology. The program also serves infants who were drug-exposed, born premature, are failing to thrive, as well as children with juvenile diabetes and life-threatening medical conditions. Foster parents receive intensive training and support to care for children's special health care needs.

Foster Care for Children with Developmental Disabilities

Walden serves the needs of foster children and teens with intellectual disabilities, cerebral palsy, epilepsy, autism and other challenges. The goal of this program is to prevent institutionalization, prepare children and teens for maximum independence through participation in a full range of typical childhood experiences in family and community settings.

Lesbian, Gay, Bisexual, Transgender, and Questioning (LGBTQ) Program

This program provides education and advocacy services for LGBTQ foster youth, and training and support for child welfare providers, foster parents and birth families. The focus of this program is Walden Family Services actively recruits and educates members of the LGBT community about becoming certified foster and adoptive parents.

Nurturing Parenting Program

Walden offers free parenting classes for teen parents with children 0-5 years old in the county using the Nurturing Parenting Curriculum. The curriculum uses an evidenced-based philosophy to help parents enhance their parenting skills.

Cal-Learn

Walden provides the Cal-Learn program in San Bernardino County, which provides case management services to assist pregnant and parenting teens receiving CalWORKS to support them to attend and graduate from high school, or its equivalent. Coordinated services help teens obtain an education and access health and social services so that they can become self-sufficient adults and responsible parents.

Foster Care for Pregnant and Parenting Teens

Walden provides support and training to pre- and post-emancipated pregnant and parenting teens through this program. Services include support with the court process, parenting training, budgeting assistance and referrals to community resources. The program offers services and support to teens that have custody of their children and teens working toward reunification with their dependent children. Walden also provides these services to teen parents living with their children in a foster family.

**WALDEN FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND DECEMBER 31, 2018**

Note 1 - Organization: (Continued)

San Bernardino Extended Care Services - Aftercare

Walden contracts with San Bernardino County to provide aftercare services in the high desert for young adults ages 18-21. Through coaching and training, these young adults develop critical skills to reduce the challenges they may experience when leaving foster care. We support former foster youth in developing life skills; managing their medical, dental and emotional health; accessing educational, employment and housing assistance; and building relationships with mentors and other permanent connections.

Transitional Housing Placement Program for Non-Minor Dependents (THPP)

Walden was one of the first agencies in Southern California to offer THPP, a program that provides youth ages 18-21 with safe, affordable housing in a neighborhood of their choosing, comprehensive and individualized case management, life skills training, mentors, opportunities to make community connections, and goal-planning. THP was introduced when AB12 passed in 2012, the state law that enables youth to stay in foster care until age 21. Walden currently operates the program through our Riverside, Los Angeles and San Diego offices.

THP-Plus Foster Care

Walden started to provide 5 THP Plus beds for San Diego County during 2017. THP Plus provides housing for former foster youth, ages 21-25, up to 36 months based on school attendance.

San Bernardino County Visitation Centers

Through a contract with San Bernardino County, Walden's Visitation Centers in San Bernardino and Victorville provide a place for birth families to have supervised visits with their children. Walden provides visitation coaches to each birth family in order to give them the tools they need to help decrease their child's length of stay in foster care. Walden provided over 800 hours of supervised visits each month. This program closed June 30, 2018.

Note 2 - Significant Accounting Policies:

Accounting Method

The financial statements of Walden have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

**WALDEN FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND DECEMBER 31, 2018**

Note 2 - Significant Accounting Policies: (Continued)

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). Walden had no financial instruments at June 30, 2019 and December 31, 2018.

Allowance for Doubtful Accounts and Overpayments

Accounts receivable consist of fees due from counties in California that have been earned for services provided to foster youth. Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. The allowance for doubtful accounts receivable and other receivables totaled \$82,223 and \$124,958 at June 30, 2019 and December 31, 2018, respectively.

Management believes that all contributions receivable were fully collectible; therefore, no allowance for doubtful contributions receivable was recorded at June 30, 2019 and December 31, 2018.

Overpayments are fees received from funding sources which Walden has determined are not due at the time of receipt. Overpayments totaled \$186,142 and \$155,477 at June 30, 2019 and December 31, 2018, respectively.

**WALDEN FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND DECEMBER 31, 2018**

Note 2 - Significant Accounting Policies: (Continued)

Capitalization and Depreciation

Walden capitalizes all expenditures in excess of \$1,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, Walden reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Walden reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Furniture and equipment	5 years
Leasehold improvements	5 years
Software	3 years

Depreciation totaled \$3,929 and \$19,407 for the periods ended June 30, 2019 and December 31, 2018, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale. Any resultant gain or loss is then recorded as income or expense.

Compensated Absences

Accumulated unpaid vacation totaling \$182,974 and \$165,691 at June 30, 2019 and December 31, 2018, respectively, is accrued when incurred.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to Walden that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Walden's revenue is generated through performance of services for government entities under various contracts for which they are paid a fixed fee or on a cost-reimbursement basis. Revenue is recognized as the services are provided and/or costs are incurred. Accounts receivable are recorded when revenue earned under a contract exceeds the cash received.

Walden receives foster care payments for its children from the respective counties and Regional Centers. In turn, Walden issues monthly payments to the foster families for its children. This reimbursement to foster parents represents approximately 42% and 43% of the total foster care placements for the periods ended June 30, 2019 and December 31, 2018, respectively.

**WALDEN FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND DECEMBER 31, 2018**

Note 2 - Significant Accounting Policies: (Continued)

Revenue Recognition (Continued)

Event revenue is recognized in the period that the event occurs. Deferred event revenue totaled \$9,000 and \$-0- at June 30, 2019 and December 31, 2018, respectively. The expenses for the gala include the customary fees for the top-notch musical talent that perform at Wine D’Vine. These fees are completely underwritten by generous donors whose intent is to attract media coverage and new donors to Walden with the long-term goal of increasing our fundraising capacity.

Donated Services and Materials

Walden utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the periods ended June 30, 2019 and December 31, 2018, did not meet the requirements above, therefore no amounts were recognized in the financial statements.

Walden received in-kind contributions totaling \$12,605 and \$79,736 for the periods ended June 30, 2019 and December 31, 2018, respectively, included in grants and contributions in the statements of activities.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. A portion of expenses that benefit multiple functional areas have been allocated between programs and supporting services primarily based on the proportion of full-time employee equivalents of a program or supporting service versus the total organizational full-time employee equivalents.

Income Taxes

Walden is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Walden believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Walden is not a private foundation.

Walden’s Returns of Organization Exempt from Income Tax for the periods ended June 30, 2019, December 31, 2018, 2017 and 2016 are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were filed.

Concentrations

Credit Risk

Walden maintains its cash and investments in bank deposit accounts and brokerage accounts which, at times, may exceed federally insured limits. Walden has not experienced any losses in such accounts. Walden believes it is not exposed to any significant credit risk on cash and cash equivalents.

**WALDEN FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND DECEMBER 31, 2018**

Note 2 - Significant Accounting Policies: (Continued)

Concentrations (Continued)

Accounts Receivable and Revenue

The primary accounts receivable balance consists of amounts due from eleven government agencies for foster care and THP+FC placements totaling \$1,393,262 and \$1,338,799 which represents 86% and 75% of the total accounts receivable balance at June 30, 2019 and December 31, 2018, respectively.

Walden received \$6,610,251 and \$11,379,932 or 89% and 76% of its revenue and support from twelve government agencies for foster care placements and THP+FC placements for the periods ended June 30, 2019 and December 31, 2018, respectively.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Walden considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Certificates of deposits that may be redeemed without a significant penalty are considered cash and cash equivalents regardless of the maturity. The following is a composition of the combined amounts appearing in the statements of cash flows at June 30, 2019 and December 31, 2018:

	<u>2019</u>	<u>2018</u>
Cash and money market funds	\$ 1,262,798	\$ 217,703
Certificates of deposit	1,250,000	1,800,000
Total Cash and Cash Equivalents	<u>\$ 2,512,798</u>	<u>\$ 2,017,703</u>

Certificates of deposit included in cash and cash equivalents bear interest at rates ranging from .25% to .45% and mature through June 2022.

Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes that affected the Foundation's financial statements include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. Walden has adopted this ASU as of and for the year ended December 31, 2018.

Subsequent Events

In preparing these financial statements, Walden has evaluated events and transactions for potential recognition or disclosure through September 10, 2019, the date the financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed.

**WALDEN FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND DECEMBER 31, 2018**

Note 3 - Liquidity and Availability:

Walden regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. Walden considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Walden considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, are comprised of the following at June 30, 2019:

Financial assets at year-end:	
Cash and cash equivalents	\$ 2,512,798
Accounts receivable and other receivables, net	1,611,307
Contributions receivable	<u>12,219</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,136,324</u>

Walden receives its grant support through subgrantee awards from the U.S. Department of Health and Human Services. Walden is reimbursed for direct costs incurred in the conduct of its programs and receives reimbursement for indirect costs based on a fixed rate of 10% applied to direct costs. In addition to financial assets available to meet general expenditures over the next 12 months, Walden has a line-of-credit agreement with available borrowings totaling \$1,000,000 as described in Note 6. In addition, Walden operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Note 4 - Contributions Receivable:

Contributions receivable are due in less than one year and total \$12,219 and \$58,968 at June 30, 2019 and December 31, 2018, respectively.

Note 5 - Property and Equipment:

Property and equipment consist of the following at June 30, 2019 and December 31, 2018:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 93,739	\$ 83,913
Leasehold improvements	24,404	24,404
Software	<u>17,409</u>	<u>16,095</u>
Subtotal	135,552	124,412
Less: Accumulated depreciation	<u>(109,981)</u>	<u>(106,052)</u>
Property and Equipment, Net	<u>\$ 25,571</u>	<u>\$ 18,360</u>

**WALDEN FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND DECEMBER 31, 2018**

Note 6 - Line-of-Credit:

Walden has a line-of-credit available in the amount of \$1,000,000 with Chase Bank with interest at the bank's variable rate plus 3.00%. The line-of-credit is secured by substantially all of Walden Family Service's assets. The line of credit is renewable annually on or before June 6, 2020. There were no outstanding advances under the line-of-credit at June 30, 2019 and December 31, 2018.

Note 7 - Net Assets With Donor Restrictions:

Net assets with donor restrictions consists of the following at June 30, 2019 and December 31, 2018:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose:		
Resource families and transitional age youth programs	\$ 87,014	\$ 123,253
Computers	-	18,200
Total Net Assets with Donor Restrictions	<u>\$ 87,014</u>	<u>\$ 141,453</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the periods ended June 30, 2019 and December 31, 2018:

	<u>2019</u>	<u>2018</u>
Purpose Restrictions Accomplished:		
Resource families and transitional age youth programs	\$ 129,239	\$ 175,318
Computers	18,200	3,979
Mental health	-	30,455
Total Net Assets Released from Restrictions	<u>\$ 147,439</u>	<u>\$ 209,752</u>

Note 8 - Deferred Compensation Plan:

Walden sponsors a 401(k) deferred compensation plan (the "Plan"). Employees may elect to contribute up to the maximum amount allowed by federal law, as defined in the Plan. Each employee self-directs the investment of his or her assets. Walden may elect to make matching contributions to the Plan. Walden contributed \$-0- and \$46,513 to the Plan for the periods ended June 30, 2019 and December 31, 2018, respectively.

Note 9 - Lease Commitments:

Walden leases its facilities under various operating lease agreements. The leases expire at various dates through April 2025. Office rents and leases and expense under the leases totaled \$186,656 and \$413,455 for the periods ended June 30, 2019 and December 31, 2018, respectively.

Walden also leases certain office equipment under various operating lease agreements and month-to-month rentals. Equipment rents and leases under the leases totaled \$23,837 and \$44,724 for the periods ended June 30, 2019 and December 31, 2018, respectively.

**WALDEN FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND DECEMBER 31, 2018**

Note 9 - Lease Commitments: (Continued)

The following is a schedule of future minimum lease payments under the leases:

<u>Years Ended June 30</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2020	\$ 366,953	\$ 26,638	\$ 393,591
2021	318,779	22,814	341,653
2022	328,135	6,798	334,933
2023	230,366	-	230,366
2024	143,063	-	143,063
Thereafter	116,433	-	116,433
Total	<u>\$ 1,503,729</u>	<u>\$ 56,310</u>	<u>\$ 1,560,039</u>

**WALDEN FAMILY SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE PERIOD JANUARY 1, 2019 TO JUNE 30, 2019**

Federal Grants/Pass -Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Number	Pass Through to Subrecipient	Federal Expenditures	Total Federal Expenditures
<u>U.S. Department of Health and Human Services:</u>					
Pass-Through Programs From:					
Temporary Assistance for Needy Families Cluster:					
	93.558				
County of San Bernardino		N/A	\$ -	\$ 63,713	\$ 63,713
County of San Diego		557444 / 538269	-	25,485	25,485
Total Temporary Assistance for Needy Families Cluster			-	89,198	89,198
Foster Care Title IV-E:					
	93.658				
County of Los Angeles		19-01-40 / 19-03-17 / 19-04-07	-	1,121,376	1,121,376
County of San Bernardino		N/A	-	941,357	941,357
County of San Diego		557444 / 538269	-	284,840	284,840
County of Riverside		CS-01837-07	-	261,793	261,793
County of Orange		N/A		27,898	27,898
County of San Francisco		N/A	-	20,356	20,356
Imperial County		N/A	-	19,047	19,047
County of Alameda		N/A	-	6,510	6,510
Total Foster Care Title IV-E			-	2,683,177	2,683,177
Adoption Assistance:					
	93.659				
California Department of Health and Human Services		N/A	-	112,500	112,500
Social Services Block Grant:					
	93.667				
County of San Diego		557444 / 538269	-	38,341	38,341
John H. Chafee Foster Care Program for Successful Transition to Adulthood:					
	93.674				
County of San Bernardino		16-229 / 4400009372	-	74,465	74,465
Total U.S. Department of Health and Human Services			-	2,997,681	2,997,681
Total Expenditures of Federal Awards			\$ -	\$ 2,997,681	\$ 2,997,681

**WALDEN FAMILY SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Federal Grants/Pass -Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Number	Pass Through to Subrecipient	Federal Expenditures	Total Federal Expenditures
<u>U.S. Department of Health and Human Services:</u>					
Pass-Through Programs From:					
Temporary Assistance for Needy Families Cluster:					
	93.558				
County of San Bernardino		N/A	\$ -	\$ 170,014	\$ 170,014
County of San Diego		557444 / 538269	-	52,289	52,289
Total Temporary Assistance for Needy Families Cluster			-	222,303	222,303
Foster Care Title IV-E:					
	93.658				
County of Los Angeles		07-021-57	-	2,085,440	2,085,440
County of San Bernardino		N/A	-	1,340,370	1,340,370
County of Riverside		CS-01837-07	-	937,931	937,931
County of San Diego		557444 / 538269	-	444,157	444,157
County of Sacramento		N/A	-	25,873	25,873
Imperial County		N/A	-	22,031	22,031
County of Santa Clara		N/A	-	9,267	9,267
County of Ventura		N/A	-	6,204	6,204
County of Orange		N/A	-	4,839	4,839
Total Foster Care Title IV-E			-	4,876,112	4,876,112
Adoption Assistance:					
	93.659				
California Department of Health and Human Services		N/A	-	372,500	372,500
Social Services Block Grant:					
	93.667				
County of San Diego		557444 / 538269	-	73,754	73,754
John H. Chafee Foster Care Program for Successful Transition to Adulthood:					
	93.674				
County of San Bernardino		16-229 / 4400009372	-	124,981	124,981
Total U.S. Department of Health and Human Services			-	5,669,650	5,669,650
Total Expenditures of Federal Awards			\$ -	\$ 5,669,650	\$ 5,669,650

WALDEN FAMILY SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE PERIOD JANUARY 1, 2019 TO JUNE 30, 2019 AND
THE YEAR ENDED DECEMBER 31, 2018

Note 1 - Basis of Presentation:

The accompanying schedules of expenditures of federal awards (the Schedule) includes the federal award activity of Walden Family Services under programs of the federal government for the period ended June 30, 2019 and the year ended December 31, 2018. The information in these Schedules 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 Schedules present only a selected portion of the operations of Walden Family Services, they are not intended to and do not present the financial position, changes in net assets, or cash flows of Walden Family Services.

Note 2 - Summary of Significant Accounting Policies:

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass through entity identifying numbers are presented where available.

Walden has elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Board of Directors
Walden Family Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Walden Family Services, which comprise the statements of financial position as of June 30, 2019 and December 31, 2018, and the related statements of activities, functional expenses and cash flows for the period January 1, 2019 to June 30, 2019 and the year ended December 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated September 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Walden Family Service'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 Walden Family Service's internal control. Accordingly, we do not express an opinion on the effectiveness of Walden Family Service'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 Walden Family Service'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 Walden Family Service's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Walden Family Service's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Leaf & Cole LLP

San Diego, California
September 10, 2019



Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

**Independent Auditor's Report on Compliance
for the Major Programs and on Internal Control Over
Compliance Required by the Uniform Guidance**

To the Board of Directors
Walden Family Services

Report on Compliance for Each Major Federal Program

We have audited Walden Family Service'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 Walden Family Service's major federal programs for the period January 1, 2019 to June 30, 2019 and the year ended December 31, 2018. Walden Family Service's major federal programs are identified in the summary of auditor's results section of the accompanying schedules 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

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

Opinion on Each Major Federal Program

In our opinion, Walden Family Services 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 period January 1, 2019 to June 30, 2019 and the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of Walden Family Services 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 Walden Family Service'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 Walden Family Service'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.

Leaf & Cole LLP

San Diego, California
September 10, 2019

**WALDEN FAMILY SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE PERIOD JANUARY 1, 2019 TO JUNE 30, 2019**

Section I - Summary of Auditor's Results:

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified?	_____	Yes	_____	X	No
Significant deficiencies identified ?	_____	Yes	_____	X	No

Noncompliance material to financial statements noted? _____ Yes _____ X No

Federal Awards

Type of auditor's report issued on compliance for the major program: Unmodified

Internal control over major program:

Material weaknesses identified?	_____	Yes	_____	X	No
Significant deficiencies identified?	_____	Yes	_____	X	No

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

Identification of major program:

<u>C DFA Number</u>	<u>Name of Federal Program or Cluster</u>
93.658	Foster Care Title IV-E

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

Auditee qualified as low-risk auditee? _____ X Yes _____ No

Section II - Financial Statement Findings:

None

Section III – Federal Award Findings and Questioned Costs:

None

**WALDEN FAMILY SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section I - Summary of Auditor's Results:

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified ?	_____	Yes	_____ <u>X</u> _____	No

Noncompliance material to financial statements noted? _____ Yes _____ X _____ No

Federal Awards

Type of auditor's report issued on compliance for the major program: Unmodified

Internal control over major program:

Material weaknesses identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified?	_____	Yes	_____ <u>X</u> _____	No

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

Identification of major programs:

<u>C DFA Number</u>	<u>Name of Federal Program or Cluster</u>
93.658	Foster Care Title IV-E
93.659	Adoption Assistance

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

Auditee qualified as low-risk auditee? _____ X _____ Yes _____ No

Section II - Financial Statement Findings:

None

Section III – Federal Award Findings and Questioned Costs:

None