January 7, 2019 Addendum #1 RFP 2018-006 **Audit Services Questions and Answers**

Question #1

The RFP references attachments A-D, but I only see attachment A in the 14 page RFP document. Is it possible for you to provide these documents? Also, would it be possible to receive the most recent audited financial statements, June 30, 2018?

Answer #1

See Addendum #1

Exhibit B

Budget Summary for the fiscal year ending June 30, 2017

NHA Budget Summary

for Fiscal Year 2016 / 2017

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\$91,033		Francis	\$85,808,489	TOTALS		
	June-Zu to	May-2016	000'99	7/1/16 - 6/30/17	Dept. of Housing and Urban Development	HUD Housing Counseling
00,000	June-2010		193,315	7/1/16 - 6/30/17	Dept. of Health and Human Services	Senior Nutrition Programs
00 303		101ay 2010	400,320	3/1/16 - 2/28/1/	Dept. of Health and Human Services	HIV/AIDS Case Management
2,650	June-2016	May-2016	A06 208	#Exidence Carried		eam cale
0	June-2016	May-2016	915,886	7/1/16 - 6/30/17	CA Dept. of Aging / Dept. of Agriculture	Adult Day Health Care
	June-2016	May-2016	598,165	7/1/16 - 6/30/17	County of San Diego	Project Enable - Geriatric Specialty
	June-2016	May-2016	479,044	7/1/16 - 6/30/17	County of San Diego	Project Enable - In-Reach
0 0	June-2010	May-2016	375.880	7/1/16 - 6/30/17	County of San Diego	Project Enable - Clubhouse
	0102-0102	May-zo16	1,807,580	7/1/16 - 6/30/17	County of San Diego	Project Enable - Clinic
C	2500 000				Coulity of San Diggs	Black Infant Health
0	June-2016	May-2016	700,000	7/1/16 - 6/30/17	County of San Diego	C
0	June-2016	May-2016	2,603,273	7/1/16 - 6/30/17	Dept. of Agriculture	Central Kitchen
0	June-2016	May-2016	379,116	7/1/16 - 6/30/17	California Dept. of Education	First 5 - Live Well SD
0	June-2016	May-2016	300,000	7/1/16 - 6/30/17	California Dept. of Education	First 5 - SD QPI Embedded Coaching
5	June-2016	May-2016	809,524	7/1/16 - 6/30/17	California Dept. of Education	First 5 - QPI, CSPP, Mini Grant
2 (March-2016	March-2016	3,886,541	7/1/16 - 6/30/17	California Dept. of Education	Child Development
De C	March-zu16	March-2016	\$72,207,837	7/1/16 - 6/30/17	Dept. of Health and Human Services	
Subsidy	BOD Approval	Finance Approval BOD Approval		Funding Period	Funding Source	Program

5,774,374

7/1/16 - 6/30/17

Federal Approved Rate 10.4%

Indirect Cost **

* Program Year is different from Fiscal Year ** Indirect cost is part of the total budget

Exhibit C

Audited Financial Statements for the periods ending June 30, 2017 and June 30, 2016

Financial Statements and
Schedules of Expenditures of Federal and State
Awards and Internal Control over Compliance
and Independent Auditor's Reports
(With Supplementary Information)

June 30, 2017 and 2016



Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Statement of Functional Expenses	7
Notes to Financial Statements	8
Supplementary Information	
Schedules of Expenditures of Federal and State Awards	18
Notes to Schedules of Expenditures of Federal and State Awards	19
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	20
Independent Auditor's Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance	22
Schedule of Findings and Questioned Costs	24
Supplementary Information	27



Independent Auditor's Report

To the Audit Committee Neighborhood House Association

Report on the Financial Statements

We have audited the accompanying financial statements of Neighborhood House Association ("NHA"), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related statement of functional expenses for the year ended June 30, 2017 (with summarized financial information for 2016), 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 NHA as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying supplementary information on childcare programs on pages 27 through 41 is presented for purposes of additional analysis as required by the California Department of Education 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 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 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 2017 financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017 on our consideration of NHA'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 solely 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 NHA'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 NHA's internal control over financial reporting and compliance.

San Diego, California November 14, 2017

CohnReynickZZP

Statements of Financial Position June 30, 2017 and 2016

<u>Assets</u>

_		2017		2016
Current assets Cash and cash equivalents (Note 14) Restricted cash Investments (Notes 2 and 16) Grants and contracts receivable (Note 3) Operating advances Other accounts receivable Prepaid expenses	\$	5,327,525 88,476 103,090 2,115,167 23,283 761,366 138,968	\$	3,685,090 284,532 2,005,924
Total current assets		8,557,875		6,960,203
Property and equipment (Note 4) Property and equipment Less accumulated depreciation and amortization		20,336,823 (15,952,316)	-	21,349,410 (16,627,565)
Total property and equipment, net		4,384,507		4,721,845
Deposits		89,731		82,203
Total assets	\$	13,032,113	\$	11,764,251
Liabilities and Net Assets	3			
Current liabilities Accrued payroll and related liabilities Accounts payable and accrued expenses Accrued annual leave (Note 5) Current portion of long-term debt (Note 7)	\$	892,493 3,213,750 2,475,732 61,846	\$	597,300 2,147,465 2,449,727 70,783
Total current liabilities		6,643,821		5,265,275
Deferred rent Long-term debt, net (Note 7)	_	187,815 2,411,459		184,457 2,037,260
Total liabilities	_	9,243,095	-	7,486,992
Commitments and contingencies (Notes 9 and 10)				
Net assets Unrestricted Temporarily restricted (Note 8)	_	3,700,542 88,476		4,277,259
Total net assets	_	3,789,018	-	4,277,259
Total liabilities and net assets	\$	13,032,113	<u> </u>	11,764,251

Statements of Activities Years Ended June 30, 2017 and 2016

		2017		2016
Changes in unrestricted net assets		77		
Revenues and support Grants and contracts (Note 11) Food reimbursements Reimbursements from partners Contributions and donations Service fees Investment return and interest income Other revenues	*	83,892,502 1,312,845 276,678 982,273 874,952 11,313 1,334,547	\$	82,309,805 1,356,396 277,891 1,150,303 883,652 19,138 1,333,667
Total unrestricted revenues and support	-	88,685,110		87,330,852
Expenses Program services Supporting services		82,667,621		81,409,922 47,558
Fundraising		32,514 6,561,692		5,236,725
Management and general	-			
Total expenses		89,261,827	_	86,694,205
Change in unrestricted net assets		(576,717)	_	636,647
Change in temporarily restricted net assets Contributions	-	88,476	_	
Change in temporarily restricted net assets		88,476		(in the second
Change in net assets		(488,241)		636,647
Beginning	_	4,277,259	_	3,640,612
End	\$	3,789,018	\$	4,277,259

Statements of Cash Flows Years Ended June 30, 2017 and 2016

		2017		2016
Cash flows from operating activities Change in net assets Adjustments to reconcile change in net assets to net cash	\$	(488,241)	\$	636,647
provided by operating activities Depreciation and amortization		541,313		570,809
Restricted contributions		(88,476)		# OF OF O
Deferred rent		3,358		25,650 (60,206)
Unrealized loss (gain) on investments		3.0		(00,200)
Changes in operating assets and liabilities		(109,243)		1,093,399
Grants and contracts receivable		(102,933)		(247,873)
Other accounts receivable Prepaid expenses and deposits		179,728		(223,198)
Operating advances		(23,283)		(4.050.040)
Accounts payable and accrued expenses	N.	1,247,727		(1,050,849) (66,836)
Accrued payroll and related liabilities		295,193 26,005		(87,036)
Accrued annual leave	-	20,000		(0.,1000)
Net cash provided by operating activities		1,481,148	_	590,507
Cash flows from investing activities Purchases of property and equipment		(203,975)) ;	(927,677)
Net cash used in investing activities		(203,975)	_	(927,677)
Cash flows from financing activities		440,000		
Proceeds from debt		(74,738)		(66,913)
Repayments on debt			-	
Net cash provided by (used in) financing activities		365,262	_	(66,913)
Net increase (decrease) in cash and cash equivalents		1,642,435		(404,083)
Cash and cash equivalents, beginning	_	3,685,090		4,089,173
Cash and cash equivalents, end	\$	5,327,525	<u>\$</u>	3,685,090
Supplemental disclosures of cash flow data Cash paid for interest	\$	110,085	<u> </u>	120,122

Neighborhood House Association

Statement of Functional Expenses

Year Ended June 30, 2017 (With summarized financial information for 2016)

			Program services	ervices		Support	Supporting services	1	Total expenses	nses	1
		3000	Health and	Youth and other services	Total	Fundraising	Management and general	1	2017	2016	1
		Childcare programs	Indiana Post and		10000	6	3 485 471	- 	29.520.495 \$	28,221,278	, SO
Salaries	€7	23,087,909	\$ 2,369,547	\$ 577,568	\$ 26,035,024	e			9,321,810	9,413,193	က
Fringe benefits		7,550,692	628,336	45,826	6,224,634	23 778	926,503	. E	2,767,197	3,704,289	<u></u>
Contracted services		1,368,144	342,815	105,957	1,010,315	3,511	64,669	69	1,873,535	1,306,016	9
Supplies		1,682,588	88,447	7,520	243 449	**	61,753	53	305,252	405,924	য় :
Telephone and pagers		174,730	/1/'19	200,1	14 040	8	16,656	99	30,696	17,735	ίζ
Postage		11,186	908,1	943	2 973 584	1	61,029	59	3,034,613	2,806,315	S)
Occupancy and storage		2,562,245	345,737	700,00	443 026	19	62,063	93	475,989	522,22	Σ.
Litilities		382,635	31,291	1	13,320		11,902	02	49,438	117,095	35
Printing publications and advertising	sing	25,738	4,258	7,540	37,330	0.9	197.438	38	1,062,382	826,916	9
Travel and meetings	ı	775,482	43,123	46,339	146,400	į į	9		36,468,653	35,095,579	6
Cubontracte (Note 17)		36,468,653		æ	35,458,553	900 6	12616	9	1.307.174	1,303,841	Ξ
Subcollitacia (recent)		1,190,869	91,475	9,318	200, F82, F	066,2	1,600	2 2	256.364	233,984	2
Cloud expense		52,488	175,676	26,600	254,764		72 060	3 6	1.252.623	1,154,652	25
Carrinment expense		1,052,861	111,610	16,092	1,180,563		241 186	86	541.313	570,809	60
Committee and amortization		300 127	(*)	(0)	300,127		120 150	0 0	522 184	540,314	4
Depleciation and amortzage		362,225	28,828	1,492	392,545	400	24 657	3 2	154 114	162,053	23
Insulance		106 083	7.428	8,946	122,457	•	0.00	1 (247 005	291 991	5
Interest and tees		240,000	5 481	8.591	227,172	1,849	4/6,88	4	000,110	20,122	
Other expenses		213,100	429 916	8.177	5,880,876		(5,880,876)	 @		1	1
Indirect cost		00,444,103	A 787 504	970.365	88,548,497	32,514	680,816	91	89,261,827	86,694,205	92
Subtotal		82,810,538	ter. 101,4		•						
noite of serious		(5.442.783)	(429,916)	(8,177)	(5,880,876)		5.880,876	9			1
Less. II Milect allocation						c 22 514	\$ 6.561.692	92 \$	89.261.827	\$ 86,694,205	92
Total expenses by function	S	77,367,755	\$ 4,337,678	\$ 962,188	\$ 82,007,041						

Notes to Financial Statements June 30, 2017 and 2016

Note 1 - Organization and significant accounting policies

General

Neighborhood House Association ("NHA") is a California nonprofit corporation organized to provide an extensive network of services to residents of San Diego County.

NHA provides comprehensive health and human services through programs that include child development, family day care, senior nutrition, adult day health care, mental health services, housing and rental assistance and other related services that assist low-income and less fortunate families.

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this guidance, NHA is required to report 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. NHA does not have any permanently restricted assets.

NHA classifies its net assets and revenues, gains and other support based on the existence or absence of donor-imposed restrictions. Permanently restricted net assets result from contributions whose use is limited by donor stipulations that do not expire. Temporarily restricted net assets result from contributions whose use is limited by donor stipulations that either expire with the passage of time or can be fulfilled and removed by actions of NHA pursuant to those stipulations. Unrestricted net assets represent resources over which the board of directors has discretionary control.

Revenue and support

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as unrestricted operating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

Contributions and support are recognized in the period in which NHA receives a promise to give that is, in substance, unconditional. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Other accounts receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. NHA provides for losses on accounts receivable by calculating an allowance for uncollectible receivables. The allowance is based on experience, third-party contracts and other circumstances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is NHA's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. There were no allowances for doubtful accounts recorded as of June 30, 2017 or 2016.

Notes to Financial Statements June 30, 2017 and 2016

Donated goods and services

Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. During 2017 and 2016, the value of contributed services recognized as revenues and expenses in the accompanying financial statements was approximately \$527,000 and \$571,000, respectively, which included ophthalmology services and related use of supplies and equipment.

In addition, a substantial number of volunteers donated their time to NHA's program services during each year; however, the value of these donated services is not reflected in the financial statements, as the requirements for recognition have not been met.

Cash and cash equivalents

NHA considers all highly-liquid investments with an original maturity of three months or less when acquired to be cash equivalents.

Investments

NHA invests in marketable securities which are carried at fair value, with realized and unrealized gains and losses included in the statements of activities.

Operating advances

Operating advances represent advances to delegate agencies that relate to the next program year. Advances are made to ensure that operations continue over the summer. They are repaid through a reduction of funding at the end of the contract.

Property and equipment

Property and equipment with an acquisition cost of \$5,000 or greater is capitalized at cost and depreciated using the straight-line method over its estimated useful life. Leasehold improvements are amortized over the shorter of the useful life or the lease term. Useful lives are as follows:

Description	Useful life
Buildings Building improvements Leasehold improvements Vehicles Furniture and equipment Computer equipment	15-30 years 3-10 years 3-15 years 5 years 3-5 years 3-5 years

Impairment of long-lived assets

NHA reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, NHA compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between the asset carrying values and the present value of estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. NHA does not believe that any material impairment currently exists related to its long-lived assets.

Notes to Financial Statements June 30, 2017 and 2016

Deferred rent

Rent expense on operating leases with scheduled or minimum rent increases is expensed on the straight-line basis over the lease terms. Deferred rent represents the excess of rent charged to expense over rent payable under the lease agreements.

Income taxes

NHA is a private, nonprofit agency organized under the laws of the State of California 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.

For the years ended June 30, 2017 and 2016, management of NHA believes it has adequate support for all material tax positions and that it is more likely than not, based on the technical merits, that the positions will be sustained upon examination. NHA recognizes interest and penalties, if any, related to tax in interest expense. NHA has analyzed the tax positions taken in its filings with the Internal Revenue Service and the California Franchise Tax Board. Accordingly, NHA has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2017 and 2016.

NHA's federal and state income tax returns prior to fiscal years 2014 and 2013, respectively, are closed. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax laws and new authoritative rulings. Management is not aware of any pending reviews or examinations.

Advertising

NHA expenses advertising costs as incurred. Advertising costs for the years ended June 30, 2017 and 2016 were approximately \$10,000 and \$44,000, respectively.

Functional expenses

The costs of providing the various programs 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 supporting services benefited.

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be significant.

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

Subsequent events

Subsequent events have been evaluated through November 14, 2017, which is the date the financial statements were available to be issued.

Notes to Financial Statements June 30, 2017 and 2016

Note 2 - Investments

Investments consist of equity and other securities with an approximate fair value of \$103,000 and \$285,000 at June 30, 2017 and 2016, respectively. Fair values have been determined by reference to the most recent market quotations for the respective investments.

Note 3 - Grants and contracts receivable

At June 30, 2017 and 2016, grants and contracts receivable consist of the following:

	2017		2016		
Head Start State programs County programs Food reimbursements Other programs	\$	620,437 227,342 894,477 370,312 2,599	\$	328,367 316,544 961,389 392,898 6,726	
Total	\$	2,115,167	\$	2,005,924	

Note 4 - Property and equipment

Property and equipment as of June 30, 2017 consists of the following:

	Cost	d	ccumulated epreciation I amortization	Ne	t book value
Land Building Building improvements Leasehold improvements Vehicles Furniture and equipment Computer equipment Construction in progress	\$ 1,191,750 4,768,000 615,267 7,890,285 1,807,053 3,689,821 299,232 75,415 20,336,823	\$	2,805,287 609,809 6,890,773 1,804,613 3,547,660 294,174 - 15,952,316	\$	1,191,750 1,962,713 5,458 999,512 2,440 142,161 5,058 75,415 4,384,507

Property and equipment as of June 30, 2016 consists of the following:

	Cost	d	ccumulated lepreciation d amortization	Ne	t book value
Land Building Building improvements Leasehold improvements Vehicles Furniture and equipment Computer equipment	\$ 1,191,750 4,768,000 634,885 8,963,371 1,878,122 3,614,050 299,232 21,349,410	\$	2,647,021 620,556 7,700,893 1,859,909 3,506,458 292,728 16,627,565	\$	1,191,750 2,120,979 14,329 1,262,478 18,213 107,592 6,504 4,721,845

Notes to Financial Statements June 30, 2017 and 2016

A significant portion of NHA's property and equipment is identified as collateral for certain long-term debt as described in Note 7. There were disposals with a net carrying value of \$0 during the fiscal years ended June 30, 2017 and 2016.

Property and equipment acquired by NHA with funds from award programs is considered to be owned by NHA while used in the program for which it was purchased and in other authorized programs. However, funding sources have reversionary interest in the property and in its disposition (i.e., the asset is returned to the federal government upon disposal or if no longer in-use), as well as the ownership of any proceeds which are subject to pertinent regulations. The net book value of reversionary assets as of June 30, 2017 and 2016 is approximately \$4,309,000 and \$4,722,000, respectively, and is included in property and equipment.

Note 5 - Accrued annual leave

Accrued annual leave is presented as a liability in the statements of financial position. NHA records the accrued leave as it is earned by the employees. These amounts have been funded with cash covered by FDIC insurance.

Note 6 - Line of credit

NHA had a \$500,000 secured line of credit with Torrey Pines Bank, which matured on January 25, 2016. There was no outstanding balance for the year ended June 30, 2016. Borrowings on the line of credit bore interest at a variable rate not to exceed 5.25% (5.0% as of June 30, 2016).

Note 7 - Long-term debt

Long-term debt consists of the following:

	 2017		2016
Note payable to Torrey Pines Bank in monthly installments of principal and interest, with a fixed interest rate of 5.25%. The loan commenced on July 25, 2013 and matures on July 28, 2023. The note is secured by a Deed of Trust covering real property located at 5660 Copley Drive, San Diego, California.	\$ 2,033,305	\$	2,108,043
Note payable to Alliance Healthcare Foundation in monthly installments of principal and interest, with a fixed interest rate of 4%. The loan commenced on January 12, 2017 and matures on January 1, 2023. The note is secured by real property located at 851 South 35th Street, San Diego, California.	440,000	S	7
Less current portion	2,473,305 (61,846)		2,108,043 (70,783)
Long-term portion	\$ 2,411,459	\$	2,037,260

Notes to Financial Statements June 30, 2017 and 2016

Maturities of long-term debt in each of the five years subsequent to June 30, 2017 and thereafter are calculated as follows:

Thereafter	<u> </u>	1,968,243 2,473,305
2022		130,330
2021		124,046
2020		103,920
2019		84,920
2018	\$	61,846

Note 8 - Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes at June 30, 2017:

College academy Summer internship Other	\$ 37,000 16,650 34,826
Total	\$ 88,476

There were no temporarily restricted net assets as of June 30, 2016.

Note 9 - Operating lease commitments

NHA occupies numerous facilities under operating lease agreements that expire at various dates through June 2029. The future minimum payments under these operating leases for each of the five years subsequent to June 30, 2017 and thereafter are as follows:

2018 2019 2020 2021 2022 Thereafter	\$ 2,198,633 1,349,089 854,546 259,851 162,734 1,368,788
Total	\$ 6,193,641

Total operating lease expense for the years ended June 30, 2017 and 2016 was approximately \$2,203,770 and \$1,808,000, respectively.

Note 10 - Contingencies

NHA is involved in various claims arising from the normal course of operating its programs and activities, none of which in the opinion of management or NHA's legal counsel will have a material adverse effect on the financial position or results of operations of NHA.

Notes to Financial Statements June 30, 2017 and 2016

Note 11 - Grants and contracts revenues

In the fiscal years ended June 30, 2017 and 2016, NHA recognized grants and contracts revenues from the following sources:

	2017	2016
Head Start program State programs County programs Other programs	\$ 73,318,405 4,838,932 5,706,286 28,879	\$ 72,818,967 4,234,507 5,159,623 96,708
Total grants and contracts	\$ 83,892,502	\$ 82,309,805

Note 12 - 401(k) plan

NHA maintains a defined contribution 401(k) plan covering regular full-time employees. NHA's contribution to the 401(k) plan is based upon a maximum of 6% of the salaries of those employees participating in the plan. Employees covered by the plan have a mandatory contribution of 3% of their respective gross salaries, and can make additional voluntary contributions not to exceed \$18,000 for the tax year ending December 31, 2017. Also, employees age 50 or over by the end of the plan year are allowed to make up to \$6,000 of additional contributions to the 401(k) plan, in excess of the standard limits. The 401(k) plan is administered by a private pension company. Employer contributions charged to operations for the years ended June 30, 2017 and 2016 were approximately \$1,510,000 and \$1,322,000, respectively.

Note 13 - Indirect costs

NHA has negotiated and obtained the following indirect cost rates from the U.S. Department of Health and Human Services, the federal cognizant agency:

	Provisional 2017	Final 2016
All programs	10.4%	10.4%
Subawards/Delegate agencies	2.0%	2.0%

Indirect costs are charged to the programs in accordance with negotiated rates or specific budgetary limits. The amounts charged for the years ended June 30, 2017 and 2016 were approximately \$5,881,000 and \$5,736,000, respectively.

Note 14 - Concentrations of credit risk

Financial instruments, which potentially subject NHA to concentrations of credit risk, consist primarily of cash and cash equivalents and accounts receivable. NHA maintains its cash and cash equivalents with high-credit quality institutions. At times, such amounts may exceed federally insured limits. However, to minimize risk, the funds are diversified among various financial institutions.

At June 30, 2017, NHA had cash and cash equivalents in excess of FDIC insured limits at certain financial institutions totaling approximately \$2,674,000.

Notes to Financial Statements June 30, 2017 and 2016

NHA has 11 government contracts in fiscal year 2017 from federal, state and local sources. The largest contract was for the federal Head Start program totaling \$76,894,689. Included in grants and contracts receivable at June 30, 2017 is \$620,437 related to this contract.

Note 15 - Union contract

Most non-management personnel (representing 54% of total employees) of NHA are members of the Service Employees International Union, Local #2028. NHA's contract with the union is in effect through June 30, 2017, and continues to be in effect from year to year thereafter, unless either party terminates the contract. NHA's other employees are not represented by a union.

Note 16 - Fair value measurements

NHA values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, NHA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Financial assets and liabilities carried at fair value at June 30, 2017 are classified in the table below in one of the three categories described above:

		Level 1	Le	evel 2	Le	vel 3		Total
Equity securities	_\$_	103,090	\$		\$		_\$_	103,090
Total assets at fair value	\$	103,090	\$		\$	-	\$	103,090

Notes to Financial Statements June 30, 2017 and 2016

Financial assets and liabilities carried at fair value at June 30, 2016 are classified in the table below in one of the three categories described above:

	-	Level 1	Le	vel 2	Le	vel 3		Total
Equity securities	\$	284,532	\$		\$		\$_	284,532
Total assets at fair value	\$	284,532	\$		\$		\$	284,532

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016.

Investments in equity securities are valued using market prices on active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 17 - Subcontracts expense

Subcontracts expense for the fiscal years ended June 30, 2017 and 2016 included the following:

	2017	2016
Subawards/Delegate agencies Contracted child care	\$ 29,315,025 7,153,628	\$ 28,742,067 6,353,512
Total	\$ 36,468,653	\$ 35,095,579



Schedule of Expenditures of Federal and State Awards Year Ended June 30, 2017

					Award Amount		Expenditures	litures
Federal grantor / pass-through grantor / program title or cluster	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Federal	State	Total	Federal	State
U.S. Department of Health and Human Services Head Start Program	93,600		\$ 29,315,025	\$ 75,894,689	**	\$ 75,894,689	\$ 73.318,405	, i
Passed through from the County of San Diego: Aging Custer: Special Programs for the Aging - Tale III, Part B - Grants for Supportive Services and Service Centers Special Programs for the Aging - Tale III, Part C - Nutrition Services Nutrition Services Incentive Program Total Aging Cluster	93,044 93,045 93,053	547780 547780 547780	• • • • • • • • • • • • • • • • • • • •	22,500 65,146 11,232 98,678		22,500 65,146 11,232 98,575	22.500 65.146 11.232 98.873	
Passed through from the County of San Diego: HIV Emergency Relief Project Grants (Case Management) (1) HIV Emergency Relief Project Grants (Case Management) (2) Total for HIV Emergency Relief Project Grants	93,914 93,914	537490 537490		413,818 38,596 453,414		413,818 39,596 453,414	394.088 11,479 405,567	
Passed through Caffornia State Department of Education: Child Care and Development Fund (CCDF) Cluden: Child Care Mandatory and Matching Funds of the CCDF Child Care Mandatory and Matching Funds of the CCDF Total for Child Care Mandatory and Matching Funds of the CCDF Total for Child Care Mandatory and Matching Funds of the CCDF	93,596 93,596	CCTR-6215 CSPP-6450		210,510 62,611 273,121		210,510 62,611 273,121	210,510 62,611 273,121	
Child Care and Development Block Grant Child Care and Development Block Grant Total for Child Gara and Development Block Grant	93,575 93,575	CCTR-6215 CSPP-8450		96,593 136,310 233,003		233 003	136,310	
Total CCDF Cluster		Shear arrow		506,124	433,221	430,221		433,221
Child Development Program Child Development Program Todal for Child Development Program	93,000 93,001	CSPP-6450		. 10	3,981,787	3,581,787		4,369,708
Medicaid Cluster. Medical Assistance Program (Medicaid - Title XIX) Total Medicaid Cluster	93,778			164.228		164.228	164.228 164.228 253,806	
Maternal and Child Health Services Block Grant to the States Total U.S. Department of Health and Human Services	93,994		29,315,025	76,371,139	4,415,008	82,786,147	74,747,008	4,366.708
U.S. Department of Agriculture Passed through from the State Department of Education. Child and Adult Care Food Program. Child Care Centers Adult Day Care Centers Adult Day Care Centers Total U.S. Department of Agriculture	10,558	04500-CACFP-37-NP-CS 04500-CACFP-37-NP-CS		1,261,950 50,885 1,312,845		1,251,960 50,885 1,712,845	1,261,960 50,885 1,312,845	
U.S. Department of Housing and Urban Development Passed through from the Rural Community Assistance Corporation: Housing Tananca Agency Innovision Fund for the Hartiset Het Housing Markets Total Department of Housing and Urban Development Total Expenditures of Federal and State Awards	14,000	KYHG/CaMFA MAC-N181/13	\$ 29,315,025	75,000 75,000 5 79,758,984	\$ 4,415,008	75,000 75,000 \$ 84,172,992	28.873 28.873 \$ 76,088,726	\$ 4,366,708

Notes: ⁽¹⁾ Program year - July 2016 - February 2017 ⁽²⁾ Program year - March 2017 - June 2017

See Notes to Schedule of Expenditures of Federal and State Awards.

Notes to Schedule of Expenditures of Federal and State Awards June 30, 2017

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal and state awards (the "Schedule") include the federal and state grant activity of NHA under programs of the federal and state governments for the year ended June 30, 2017. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"), and with the requirements of the CDE Audit Guide issued by the California Department of Education. Because the schedule presents only a selected portion of the operations of NHA, it is not intended to, and does not present, the financial position, changes in net assets or cash flows of NHA.

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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Program revenues

Revenues from award programs are recognized in the period in which terms of the grant or contractual agreements have been met and the revenue earned, and is included in NHA's financial statements as "Grants and contracts."

Note 3 - Federal contracts

Reconciliation of reported and audited expenses

	Program
Program	 expenses
Amount shown on the schedule of expenditures of federal awards	\$ 73,318,405
Add: obligations liquidated after June 30, 2017	444,753
Total Head Start expenses reported on the SF-425	\$ 73,763,158

Note 4 - Disclosure of audit fees

In accordance with the audit disclosure requirements of the State of California, Department of Education, the audit contract for NHA for the fiscal year ended June 30, 2017 included an audit fee of approximately \$126,000.

Note 5 - Indirect cost rate

NHA has been assigned an indirect cost rate of 10.4% by its cognizant agency. Accordingly, the de minimis indirect cost rate of 10% as allowed under the Uniform Guidance, was not elected.

Note 6 - Non-cash assistance

In accordance with matching requirements for the Head Start program, the value of non-cash assistance (in-kind donations) was \$22,522,715 for fiscal year ended June 30, 2017.



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 Audit Committee Neighborhood House Association

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 Neighborhood House Association ("NHA"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NHA'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 NHA's internal control. Accordingly, we do not express an opinion on the effectiveness of NHA'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 NHA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Diego, California November 14, 2017

CohnReynickLLP

COHNOREZNICK ACCOUNTING • TAX • ADVISORY

Independent Auditor's Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Audit Committee Neighborhood House Association

Report on Compliance for Each Major Federal and State Program

We have audited Neighborhood House Association's ("NHA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NHA's major federal and state programs for the year ended June 30, 2017. NHA's major federal and state 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 and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of NHA's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"); and with the requirements of the CDE Audit Guide issued by the California Department of Education. Those standards, the Uniform Guidance and the CDE Audit Guide 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 or state program occurred. An audit includes examining, on a test basis, evidence about NHA'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 and state program. However, our audit does not provide a legal determination of NHA's compliance.

Opinion on Each Major Federal and State Program

In our opinion, NHA 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 and state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of NHA 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 NHA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state 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 NHA'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 or state 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 or state 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 or state 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.

San Diego, California November 14, 2017

CohnReznickZZP

Schedule of Findings and Questioned Costs Year Ended June 30, 2017

Part I - Summary of Auditor's Results

Auditee qualified as low-risk auditee?

Financial Statements Type of report the auditor issued on whether the financial unmodified statements were prepared in accordance with GAAP: Internal control over financial reporting: yes X_no Material weaknesses identified? yes X __none reported Significant deficiencies identified? _yes <u>X</u>_no Noncompliance material to financial statements noted? Federal Awards Internal control over major programs: _yes __X__no Material weaknesses identified? _yes __X__none reported Significant deficiencies identified? Type of auditor's report issued on compliance unmodified for major programs: Any audit findings disclosed that are required to be __X__no reported in accordance with 2 CFR 200.516 (a) yes Identification of the major programs tested: Name of Federal/State Program CFDA/Award Number Head Start Program 93.600 Dollar threshold used to distinguish between \$2,282,662 type A and type B programs:

X yes ____no

Schedule of Findings and Questioned Costs Year Ended June 30, 2017

Part II - Financial Statement Findings Section

None noted.

Part III - Federal Award Findings and Questioned Costs Section

None noted.



Combined Statement of Financial Position June 30, 2017

•	Combined General Child Care Program CCTR 6215 and State Preschool CSPP 6450
Cash and cash equivalents Grants and contracts receivable Prepaid expenses	\$ 183,506 223,928 1,529
Total assets	\$ 408,963
Bank overdrafts Accounts payable Accrued payroll and benefits Accrued annual leave CDE reserve funds	\$ 13,955 2,184 308,141 84,683
Total liabilities	408,963
Net assets from operations Equity in property and equipment Transfers to distribution fund	
Total net assets	
Total liabilities and net assets	\$ 408,963

Neighborhood House Association

Combining Statement of Activities Year Ended June 30, 2017

		Program CCTR 6215	2 g	Program CSPP 6450		Total CDE contracts		non-CDE programs		Total
Grants, contracts, contributions and other Service fees	↔	706,525 33,900 81,812	₩	4,132,408	↔	4,838,933 33,900 600,453	€>	82,459,248 841,052	↔	87,298,181 874,952 600,453
Total revenues		822,237		4,651,049		5,473,286		83,300,300		88,773,586
Salaries		476,128		2,882,960		3,359,088		26,161,407 8,193,121		29,520,495 9,321,810
Fringe benefits		06,60		600		(I)		2,767,197		2,767,197
Contracted services		7 249		235 398		242,647		1,630,888		1,873,535
Supplies		Ot 7'		1		1		305,252		305,252
l elephone and pagers		1		•		,		30,696		30,696
Postage		1		•		ı		3,034,613		3,034,613
Occupancy and storage		ı		1		1		475,989		475,989
Utilities		1		•		•		49,438		49,438
Printing, publications and advertising		((·		1		1,062,382		1,062,382
ravel and meetings		1				•		1,307,174		1,307,174
Food expense		1				•		1,252,623		1,252,623
Equipment purchases and repairs		•		9 9		•		522,184		522,184
Insurance		52 694		620,456		673,150		37,065,289		37,738,439
Other expenses		67.311		418.836		486,147		(486,147)		•
Indirect costs		763 283		5.126,438		5,889,721		83,372,106		89,261,827
lotal expenses		58 954		(475,389)		(416,435)		(71,806)		(488,241)
Increase (decrease) in het dasdas				10		1		4.277.259		4,277,259
Net assets, beginning					,			4 200 452	6	9 700 048
Net assets, end	မာ	58,954	s)	(475,389)	s)	(416,435)	n	4,205,453	A	3,709,010

^{**}Net assets are not required to be used for State child care programs and as such are not carried forward to future years.

Combining Schedule of Administrative Expenses Year Ended June 30, 2017

	Ī	General child Care Program CTR 6215		State Preschool Program SPP 6450	3.	Combining total
Expenses	\$	13,856	\$	153,687	\$	167,543
Indirect costs	-	67,311	, i t.	418,836	_	486,147
Total administrative expenses	\$	81,167_	\$	572,523	\$	653,690

Combining Schedule of Equipment Expenditures Utilizing Contract Funds Year Ended June 30, 2017

Unit costs under \$5,000 items	General Child Care Program CCTR 6215		State Preschool Program CSPP 6450		Combining total		
	\$	¥	\$	5 m ;	\$	*	
Unit costs over \$5,000 with CDD approval		×		> *		£	
Unit costs over \$5,000 without CDD approval		2					
Total equipment expenditures	\$		\$	¥	\$	(*	

Combining Schedule of Renovation and Repair Expenditures Utilizing Contract Funds Year Ended June 30, 2017

	General Child Care Program CCTR 6215		State Preschool Program CSPP 6450		Combining total	
Unit costs under \$10,000 items	\$	*	\$	-	\$	=
Unit costs over \$10,000 with CDD approval		*				÷
Unit costs over \$10,000 without CDD approval		-				14
Total renovation and repair expenditures	\$		\$	-	\$	-

Combining Schedule of Expenses by State Categories Year Ended June 30, 2017

Expenses		General Child Care Program CCTR 6215		State Preschool Program CSPP 6450		Combining total
		312,768	\$	1,860,230	\$	2,172,998
1000 Certified Salaries	\$	312,700	Ψ	1,000,200	•	
2000 Classified Salaries		163,360		1,022,730		1,186,090
3000 Employee Benefits		159,901		968,788		1,128,689
4000 Books and Supplies		7,249		235,398		242,647
5000 Contract Services and Other Operating Expenses		52,694		620,456		673,150
6000 Sites, Buildings, Books and Media & New Equipment		æ		;= 3;		3
Expenses not otherwise classified		-		-		2
Start-up Expenses		-				
Capital Outlay Revolving Fund		-		-		-
Repayment		67,311		418,836		486,147
Indirect Costs	-		_			5 000 701
Total Reimbursable Expenses		763,283		5,126,438		5,889,721
Non-Reimbursable Expenses	_				-	
Total Reimbursable and Non-Reimbursable Expenses	\$	763,283	= =	\$ 5,126,438	\$	5,889,721

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

		NCE AND FISCAL			
		te Preschool Prog	ırams		07 D04 00 E
gency Name: Neighborhood House	Association			Vendor No.	37-B81-00-5
iscal Year Ended: June 30, 2017			Contract No.	CSPP# 6450	
ndependent Auditor's Name: CohnReznic	K LLP				
	COLUMN A	COLUMN B	COLUMN C	COLUMN D	ADJUSTED
SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	FISCAL YEAR	AUDIT ADJUSTMENTS	FISCAL YEAR	ADJUSTMENT FACTOR	DAYS OF
0, 2,1,10	PER FORM	ADJ09 IMENTS	PER AUDIT	17,0101	ENROLLMENT
Three and Four Year Olds				1,1800	
Full-time-plus			:	1.0000	
Full-time				0.7500	
Three-quarters-time	101.000		164,882	0.6196	102,161
One-half-time	164,882		104,002	0.0150	104,101
Exceptional Needs			2	1.4160	
Full-time-plus	•		 	1,2000	
Full-time				0.9000	
Three-quarters-time	-			0.6196	
One-half-time	35			0.0100	-
Limited and Non-English Proficient				1.2980	-
Full-time-plus				1,1000	
Full-time			-	0.8250	-
Three-quarters-time	·			0.6196	
One-half-time				0.0100	
At Risk of Abuse or Neglect				1,2980	
Full-time-plus			-	1,1000	
Full-time	•			0.8250	
Three-quarters-time			·	0.6196	
One-half-time				0.0100	
Severely Disabled		1	-	1.7700	
Full-time-plus	*		-	1,5000	
Full-time			1	1.1250	
Three-quarters-time				0.6196	· .
One-half-time	404.005		164,882		102,16
TOTAL DAYS OF ENROLLMENT	164,882		175		
DAYS OF OPERATION	175		164,127		
DAYS OF ATTENDANCE	164,127	nue to Section III if no r			

		CE AND FISCAL			
		e Preschool Prog		Vendor No.	37-B81-00-5
gency Name: Neighborhood House	Association				37-001-00 0
			Contract No.	SPP# 6450	
IDOM TOM ENDED	11.0				
ndependent Auditor's Name: CohnReznic			COLUMN C	COLUMN D	T COLUMN E
	COLUMN A	COLUMN B	CUMULATIVE		ADJUSTED
SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	CUMULATIVE FISCAL YEAR PER FORM	AUDIT ADJUSTMENTS	FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	DAYS OF ENROLLMENT
Toddlers (18 up to 36 months)			- 1	1.6520	-
Full-time-plus				1,4000	
Full-time				1.0500	
Three-quarters-time				0.7700	
One-half-time					
Three and Four Year Olds				1.1800	
Full-time-plus	•			1.0000	(*)
Full-time	-			0.7500	
Three-quarters-time				0.6196	•
One-half-time					
Exceptional Needs				1.4160	v#==
Full-time-plus				1.2000	
Full-time	-			0.9000	
Three-quarters-time	44.770		14,776	0.6196	9,155
One-half-time	14,776		7-33335		
Limited and Non-English Proficient				1.2980	-
Full-time-plus				1.1000	•
Full-time			72	0.8250	-
Three-quarters-time	+ :			0.6196	•
One-half-time					
At Risk of Abuse or Neglect	-			1.2980	
Full-time-plus	:			1.1000	
Full-time			-	0.8250	•
Three-quarters-time		-		0.6196	•
One-half-time					
Severely Disabled				1.7700	
Full-time-plus		-		1.5000	•
Full-time				1.1250	
Three-quarters-time		-		0.6196	
One-half-time TOTAL DAYS OF ENROLLMENT	14,776		14,776		9,15
ITOTAL DAVS OF FUROLLMENT	eets to explain ad				

	AUDITED ATTENDANCE AND FI			
A sew sur Namo:	Neighborhood House Association	n Programs		Vendor No. 37-B81-00-5
Agency Name:		Contract No.	CSPP# 6450	
Fiscal Year End:	June 30, 2017		COLUMN B	COLUMN C
		PER FORM	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - RE		CDFS 8501	(DECREASE)	
Child Nutrition	70.70(40)00	\$518,641	\$0	\$518,641
	nance of Effort (EC § 8279)			0
Other (Specify));	\$518,641	\$0	\$518,641
	Subtotal	3516,041	- 40	0 0 10,0 11
Transfer from	Reserve Contract # Contract #		41	0
Family Fees fo	r Certified Children Contract #	0		0
Tanny record	Contract #			0
Interest Earner	d on Apportionments Contract #			0
	Contract #			0
UNRESTRICTED				0
Family Fees for	r Noncertified Children	0	0	0
Head Start		0		0
Other (Specify		0510.014	\$0	\$518,641
	TOTAL REVENUE	\$518,641	20	Ψ516,041
SECTION IV - RE	EIMBURSABLE EXPENSES			
1000 Certifical		\$1,860,230		\$1,860,230
2000 Classifie		1,022,730		\$1,022,730
3000 Employe	e Benefits	968,788		\$968,788 \$235,398
4000 Books a	nd Supplies	235,398 620,456		\$620,456
5000 Services	and Other Operating Expenses	020,430		\$0
6100/6200 Ott	ner Approved Capital Outlay uipment (program-related)			\$0
6500 Penisce	ment Equipment (program-related)			\$0
Depreciation of	or Use Allowance			\$0
Start-Up Expe	nses (service level exemption)			\$0
Budget Impas	se Credit			\$0 \$418.836
Indirect Costs		418,836	-	
	TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$5,126,438		\$5,126,438
TOTAL ADMINIS	STRATIVE COSTS (included in section IV above)	\$572,523		\$572,523
FOR CDE-A&I U				ī.
Requirements of Eligibility, enrollin being maintained YES NO - Explain a Relmbursable exfor reimburseme adequately supp YES NO - Explain a	ditor's Assurances on Agency's compliance with Contral of the California Department of Education, Child Development, and attendance records are discrepancies. In discrepancies. In discrepancies. In discrepancies. In discrepancies. In discrepancies. In discrepancies.	ry, attach additio	nal sheets to exp	ain adjustments:
_	MENTAL REVENUES OR EXPENSES - Check this box and omit page 4 if there	are no supplemental	revenues or expense	s to report. artment of Education

See Independent Auditor's Report.

AUD 8501, Page 3 of 4 (FY 2016-17)

	AUDITED ATTENDANC	E AND FISCAL REPORT	Г	
	for California State	Preschool Programs	3	
Agency Name:	Neighborhood House Association			Vendor No. <u>37-B81-00-5</u>
Fiscal Year End:	June 30, 2017	Contract No.	CSPP# 6450	
		COLUMN A	COLUMN B	COLUMN C
SECTION V - SII	PPLEMENTAL REVENUE	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
Enhancement Fu		\$466,727	\$0	\$466,727
Other: Head S	Start	3400,727		
	TOTAL SUPPLEMENTAL REVENUE	\$466,727	\$0	\$466,727
SECTION VI - SI	UPPLEMENTAL EXPENSES			
1000 Certificated	Salaries			
2000 Classified S				
3000 Employee I	Benefits			100 707
4000 Books and	nd Other Operating Expenses	466,727		466,727
6000 Services at	Canital Outlay			
Depreciation or l	Ise Allowance			
Indirect Costs	OSC MICHANICO			
NON-REIMBUR	SABLE EXPENSES reimbursable Capital Outlay		22.2	9466.73
0,00,000,1011	TOTAL SUPPLEMENTAL EXPENSES	\$466,727	\$0	\$466,72

AUD 8501, Page 4 of 4 (FY 2016-17)

California Department of Education

iscal Year Ended: June 3	/IENT	Association	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	
SECTION I - CERTIFIED (DAYS OF ENROLLM Infants (up to 18 months) Full-time-plus Full-time Three-quarters-time One-half-time FCCH Infants (up to 18 m Full-time plus Full-time plus Full-time plus Full-time plus Full-time	CohnReznic	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT	COLUMN C CUMULATIVE FISCAL YEAR	COLUMN D ADJUSTMENT	ADJUSTED DAYS OF ENROLLMENT
SECTION I - CERTIFIED O DAYS OF ENROLLM Infants (up to 18 months) Full-time-plus Full-time Three-quarters-time One-half-time FCCH Infants (up to 18 m Full-time plus Full-time plus Full-time Three-quarters-time	CohnReznio CHILDREN MENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT	COLUMN C CUMULATIVE FISCAL YEAR	COLUMN D ADJUSTMENT	ADJUSTED DAYS OF ENROLLMENT
SECTION I - CERTIFIED O DAYS OF ENROLLM Infants (up to 18 months) Full-time-plus Full-time Three-quarters-time One-half-time FCCH Infants (up to 18 m Full-time plus Full-time Three-quarters-time	CHILDREN	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT	CUMULATIVE FISCAL YEAR	ADJUSTMENT	ADJUSTED DAYS OF ENROLLMENT
SECTION I - CERTIFIED O DAYS OF ENROLLM Infants (up to 18 months) Full-time-plus Full-time Three-quarters-time One-half-time FCCH Infants (up to 18 m Full-time plus Full-time Three-quarters-time	/IENT	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT	CUMULATIVE FISCAL YEAR	ADJUSTMENT	ADJUSTED DAYS OF ENROLLMENT
Infants (up to 18 months) Full-time-plus Full-time Three-quarters-time One-half-time FCCH Infants (up to 18 m Full-time plus Full-time Three-quarters-time	/IENT	FISCAL YEAR PER FORM CDFS 9500		FISCAL YEAR		DAYS OF ENROLLMENT
Full-time-plus Full-time Three-quarters-time One-half-time FCCH Infants (up to 18 m Full-time plus Full-time Three-quarters-time		- 11				PER AUDIT
Full-time Three-quarters-time One-half-time FCCH Infants (up to 18 n Full-time plus Full-time Three-quarters-time	nonths)	- 11		_	2.006	
Three-quarters-time One-half-time FCCH Infants (up to 18 n Full-time plus Full-time Three-quarters-time	nonths)	-			1.700	
One-half-time FCCH Infants (up to 18 m Full-time plus Full-time Three-quarters-time	nonths)				1,275	
FCCH Infants (up to 18 n Full-time plus Full-time Three-quarters-time	nonths)				0.935	-
Full-time plus Full-time Three-quarters-time	TOTHIS					
Full-time Three-quarters-time		240			1.652	•
Three-quarters-time				145	1.400	
				= (,)	1.050	
					0,770	•
Toddlers (18 up to 36 mg	onths)				10822	
Full-time-plus	SOLITE DATE	•			1.652	25,073
Full-time		17,909	-	17,909	1.400	4,022
Three-quarters-time		3,830	•	3,830	1.050 0.770	194
One-half-time		252	-	252	0.770	104
Three Years and Older				-	1,180	
Full-time-plus					1.000	
Full-time					0.750	
Three-quarters-time		-			0.550	-
One-half-time			-			
Exceptional Needs					1.416	-
Full-time-plus					1,200	5.5
Full-time Three-quarters-time		-	-		0.900	7.0
One-half-time		-			0.660	
Limited and Non-English	Proficient				1.298	
Full-time-plus					1.100	
Full-time					0.825	+.
Three-quarters-time		-			0,605	*
One-half-time At Risk of Abuse or Neg	lect		-		20.000000000000000000000000000000000000	
Full-time-plus	iou.			-	1.298	
Full-time		39			1.100	
Three-quarters-time					0.825	-
One-half-time		(4)		•	0.605	
Severely Disabled					1.770	2
Full-time-plus					1.500	-
Full-time		2.5			1.125	-
Three-quarters-time					0.825	-
One-half-time		24.004		21,991		29,28
TOTAL DAYS OF ENROLLM	ENT	21,991		245		
DAYS OF OPERATION		21,81		21,817		
DAYS OF ATTENDANCE						
NO NONCERTIFIED CHILDRES Comments - If necessary, atta				no noncertified childr	en were enrolled in tr	e program.
Comments - if necessary, atta	ion additional s	mode to explain	TOTAL STATE			

(Enter Audit Report Page Number)

AUDITED ATTENDANCE AND FISCAL REPORT for California State Preschool Programs 37-B801-00-5 Vendor No. Neighborhood House Association Agency Name: Contract No. CCTR# 6215 June 30, 2017 Fiscal Year Ended: CohnReznick LLP Independent Auditor's Name: **COLUMN E** COLUMN B COLUMN C COLUMN D COLUMN A ADJUSTED CUMULATIVE SECTION I - CERTIFIED CHILDREN DAYS CUMULATIVE AUDIT **ADJUSTMENT** DAYS OF FISCAL YEAR FISCAL YEAR OF ENROLLMENT **FACTOR ADJUSTMENTS** ENROLLMENT PER AUDIT PER FORM Infants (up to 18 months) 2.0060 Full-time-plus 1.7000 Full-time 1,2750 Three-quarters-time 0.9350 One-half-time FCCH Infants (up to 18 months) 1.6520 Full-time-plus 1,4000 Full-time 1.0500 Three-quarters-time 0.7700 One-half-time Toddlers (18 up to 36 months) 1.6520 Full-time-plus 4,460 1.4000 3,186 3,186 Full-time 1.0500 Three-quarters-time 0.7700 One-half-time Three and Four Year Olds 1.1800 Full-time-plus 1.0000 Full-time 0.7500 Three-quarters-time 0.6196 One-half-time Exceptional Needs 1.4160 Full-time-plus 1.2000 Full-time 0.9000 Three-quarters-time 0.6196 One-half-time Limited and Non-English Proficient 1.2980 Full-time-plus 1.1000 Full-time 0.8250 Three-quarters-time 0.6196 One-half-time At Risk of Abuse or Neglect 1.2980 Full-time-plus 1.1000 Full-time 0.8250 Three-quarters-time 0.6196 One-half-time Severely Disabled 1.7700 Full-time-plus 1.5000 Full-time 1.1250 Three-quarters-time 0.6196 One-half-time 4,460 3,186 3,186 TOTAL DAYS OF ENROLLMENT Comments - If necessary, attach additional sheets to explain adjustments:

AUD 9500, Page 2 of 4 (FY 2016-17)

California Department of Education

(Enter Audit Report Page Number)

Neighborhood House Association Vendor No. 37-8801-00		AUDITED ATTENDANCE A			
Section II - REVENUE Sum 30, 2017 Insert Any Commingled Contract No. CCTRW 6215					Vendor No. 37-B801-00-5
Insert Any Commingled Contract No. COLUMN 8 COLUMN C COLUMN B COLUMN C COLUM	Agency Name:	Neighborhood House Association		STOCKED WAS DOOD AS	Vollage 1101
SECTION III - REVENUE	Fiscal Year End:	Julie 30, 2017		CCTR# 6215	
CUMULATIVE FISCAL YEAR POPM CDFS 9500 CMULATIVE FISCAL YEAR PORM CDFS 9500 CMULATIVE FISCAL YEAR PORM CDFS 9500 CMULATIVE FISCAL YEAR PER AUDIT CMULATIVE FISC			COLUMN A	COLUMN B	COLUMN C
RESTRICTED INCOME County Maintenance of Effort (E.G. § 8278) County Maintenance of Effort (E.G. § 8278) Uncashed Checks to Providers Other (Specify): Subtotal Transfer from Reserve Contract # Family Fees for Certified Childron Contract # Family Fees for Certified Childron Contract # Contract # Contract # Interest Earned on Apportionments Contract # Contract # UNRESTRICTED INCOME Family Fees for Noncertified Children Femily Fees for Noncertified Children Head State Other (Specify): TOTAL REVENUE S115.712 \$0 \$115. SECTION IV - REIMBURSABLE EXPENSES Direct Payments for Providers (F-CH Only) TODG Certificated Salaries 163,360 169 300 Employee Benefits 169,600 169 3000 Employee Benefits 169,600 169 3000 Employee Benefits 179,600 170 4000 Books and Supplies 22,604 170 170 170 170 170 170 170 170 170 170			CUMULATIVE FISCAL YEAR PER FORM	AUDIT ADJUSTMENT INCREASE OR	CUMULATIVE FISCAL YEAR PER AUDIT
Child Nutrition Programs County Maintenance of Effort (EC § 8279) Uncashed Checks to Providers Other (Specify): Subtotal Transfer from Reserve Contract # Contract # Family Fees for Certailed Children Contract # UNRESTRICTED INCOME Family Fees for Noncertified Children Head Store Contract # Other (Specify): TOTAL REVENUE \$115,712 \$0 \$115,712 \$0 \$116,712 \$0 \$				_	
County Maintenance of Effort (ECS 8279) Uncashed Checks to Providers Other (Specify): Subtotal \$81,812 \$0 \$81,8 Transfer from Reserve Contract # \$ Contract # \$ Family Fees for Cartificial Childron Contract # 4220 \$33,900 \$0 \$33,4 Family Fees for Cartificial Childron Contract # 4220 \$33,900 \$0 \$33,4 Contract # \$ Interest Earned on Apportisments Contract # \$ UNRESTRICTED INCOME Contract # \$ Family Fees for Noncertified Children \$ Head Start \$ Other (Specify): TOTAL REVENUE \$115,712 \$0 \$15,712 \$0 \$115,71			\$81,812	\$0	\$81,812
Other (Specify): Subtotal Other (Specify): Transfer from Reserve Contract # Family Fees for Certified Children Contract # Contract # Interest Earned on Apportionments Centract # Contract # UNRESTRICTED INCOME Family Fees for Noncertified Children Head Start Other (Specify): TOTAL REVENUE S115,712 S0 \$115, SECTION IV - REIMBURSABLE EXPENSES Dract Payments to Providers (FCCH Only) 312,768 Dract Payments to Providers (FCCH Only) 3100 Certificated Salaries 163,360 165,360 165,360 165,360 160,300 Employee Benefits 4000 Books and Supplies 7,249 0,749 0,759 4000 Books and Supplies 7,249 0,769 6400 New Equipment (program-related) 6500 Replacement Equipment (program-related)	County Mair	ntenance of Effort (EC § 8279)			0
Transfer from Reserve Contract # Contract # Contract # Contract # 420	Uncashed C	Checks to Providers			0
Transfer from Reserve Contract # Contract # Contract # 4220 33,900 0 30,900 0 33,90	Other (Spec	cify):	\$81.812	\$0	\$81,812
Family Fees for Certified Children Contract # 4220 33,900 0 33,1 Interest Earned on Apportionments Contract # 4200 33,900 0 33,1 Interest Earned on Apportionments Contract # 4200 4 33,900 0 33,1 UNRESTRICTED INCOME Contract # 4 UNRESTRICTED INCOME Family Fees for Noncertified Children Head Start Other (Specify): TOTAL REVENUE \$115,712 \$0 \$115,712 \$	Walter Street Street		001,012		0
Family Fees for Certified Children Contract #	Transfer fro				0
Interest Earned on Apportionments Contract #	Family Engl	T. WASTER STORY TO THE STORY TONY TO THE STORY TO THE STORY TO THE STORY TO THE STORY TO THE STO	33,900	0	33,900
UNRESTRICTED INCOME Family Fees for Noncertified Children Head Start Olther (Specify): TOTAL REVENUE \$115,712 \$0 \$1115, SECTION IV - REIMBURSABLE EXPENSES Direct Payments to Providers (PCCH Only) 1000 Certificated Salaries 1000 Certifi	ramily rees				0
UNRESTRICTED INCOME Family Fees for Noncertified Children Head Start Olther (Specify): TOTAL REVENUE \$115,712 \$0 \$1115, SECTION IV - REIMBURSABLE EXPENSES Direct Payments to Providers (PCCH Only) 1000 Certificated Salaries 1000 Certifi	Interest Ear	med on Apportionments Contract #			0
Family Fees for Noncertified Children Head Start Olher (Specify): TOTAL REVENUE \$115,712 \$0 \$115, SECTION IV - REIMBURSABLE EXPENSES Direct Payments to Providers (PCCH Only) 312,768 0 312, 1000 Certificated Salaries 103,360 0 153, 2000 Classified Salaries 103,360 0 159, 3000 Employee Benefits 195,901 0 159, 3000 Employee Benefits 5,7,249 0 7, 4000 Books and Supplies 7,249 0 7, 5000 Services and Other Operating Expenses 52,694 0 52, 5000 Services and Other Operating Expenses 52,694 0 52, 5000 Services and Other Operating Expenses 52,694 0 52, 5000 Services and Other Operating Expenses 52,694 0 52, 5000 Services and Other Operating Expenses 52,694 0 52, 5000 Services and Other Operating Expenses 52,694 0 52, 5000 Services and Other Operating Expenses 52,694 0 52, 5000 Services and Other Operating Expenses 52,694 0 52, 5000 Services and Other Operating Expenses 52,694 0 52,694 0 52,694 0 52,690 0 52,		Contract #			
Head Start Olher (Specify): TOTAL REVENUE \$115,712 \$0 \$115, SECTION IV - REIMBURSABLE EXPENSES Direct Payments to Providers (PCCH Only) 1000 Certificated Salaries 1000 Certificated Salaries 159,390 0 153, 2000 Classified Salaries 159,390 0 0 159, 4000 Books and Supplies 7,249 0 7, 4000 Books and Supplies 50,000 Services and Other Operating Expenses 50,000 Services and Other Operating Expenses 50,000 Services and Other Operating Expenses 50,694 0 0 52, 5000 Services and Other Operating Expenses 50,694 0 55, 5000 Service and Other Operating Expenses 50,694 0 0 52, 5000 Service and Other Operating Expenses 50,694 0 0 52, 5000 Service and Other Operating Expenses 50,694 0 0 52, 5000 Service and Other Operating Expenses 50,694 0 0 52, 5000 Service and Other Operating Expenses 50,700 0 52, 5000 Service and Other Operating Expenses 5000 Service and Other Operating Expenses 5000 Service and Other Operating Expenses (Service level exemption) 6500 Replacement Expenses (Service level exemption) Depreciation or Use Allowance Start-Up Expenses (Service level exemption) Budget Impasse Credit Contract # Indirect Costs. Rate: 9,67% (Rate is Self-Calculating) 67,311 0 67 TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT 763,283 \$0 763 TOTAL ADMINISTRATIVE COSTS (included in section IV above) 881,167 \$0 \$81 TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT Service Service Involved Captain Service Invo	UNRESTRICTED I	NCOME			0
SECTION IV - REIMBURSABLE EXPENSES Direct Payments to Providers (FCCH Only) 1000 Certificated Salaries 163,360 0 163, 2000 Classified Salaries 163,360 0 163, 3000 Employee Benefits 7, 249 0 0 7, 4000 Books and Supplies 5000 Services and Clarer Operating Expenses 6100/6200 Clher Approved Capital Outlay 6400 New Equipment (program-related) 6500 Replacement Equipment (program-related) 6500 Replacement Equipment (program-related) Depreciation or Uses Allowance Start-Up Expenses (service level exemption) Budget Impasse Credit Contract # Contract # Indirect Costs. Rate: 9,67% (Rate is Self-Calculating) 67,311 0 67 TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT \$763,283 90 763 TOTAL ADMINISTRATIVE COSTS (included in section IV above) Start-Up Expenses (service records are being maintained as a required (check YES or NO):	Family Fee:	s for Noncertified Children			0
SECTION IV - REIMBURSABLE EXPENSES Direct Payments to Providers (FOCH Only) 1000 Certificated Salaries 2000 Classified Salaries 163,360 0 163, 3000 Employee Benefits 159,901 0 159, 4000 Bocks and Supplies 7,249 0 7, 4000 Bocks and Supplies 5000 Services and Other Operating Expenses 5000 Services and Other Operating Expenses 6100/6200 Other Approved Capital Outley 6400 New Equipment (program-related) Depreciation or Use Allowance Start-Up Expenses (service level exemption) Budget impasse Credit Contract # Contract # Indirect Costs. Rate: 9,67% (Rate is Self-Calculating) TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT 701AL EXPENSES CLAIMED FOR REIMBURSEMENT TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT TOTAL ADMINISTRATIVE COSTS (included in section IV above) Self-Up Expenses of service level of Self-Up Sel					0
Direct Payments to Providers (PCCH Only) 312,768 0 312,	Other (Spe	TOTAL REVENUE	\$115,712	\$0	\$115,712
Indirect Costs. Rate: 9.67% (Rate is Self-Calculating) TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT \$763,283 \$0 763 TOTAL ADMINISTRATIVE COSTS (included in section IV above) \$81,167 \$0 \$81 FOR CDE-A&I USE ONLY: Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division: Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO): YES NO - Explain any discrepancies. Reimbursable expenses claimed above are eligible for reimbursament, reasonable, necessary, and adequately supported (check YES or NO): YES NO - Explain any discrepancies.	3000 Empl 4000 Book 5000 Servi 6100/6200 6400 New 6500 Reple Depreciation	ioyee Benefits s and Supplies lices and Other Operating Expenses of Other Approved Capiltal Outlay Equipment (program-related) acement Equipment (program-related) on or Use Allowance expenses (service level exemption) passe Credit Contract #	7,249 52,694	0	159,90° 7,245 52,694
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT \$705,285 TOTAL ADMINISTRATIVE COSTS (included in section IV above) \$81,167 \$0 \$81 FOR CDE-A&I USE ONLY: Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division: Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO): YES NO - Explain any discrepancies, Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO): YES NO - Explain any discrepancies.	Indirect Co				763,28
TOTAL ADMINISTRATIVE COSTS (included in section IV above) FOR CDE-A&I USE ONLY: Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division: Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO): YES NO - Explain any discrepancies. Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO): YES NO - Explain any discrepancies.		TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$763,283		\$81,16
Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division: Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO): YES	TOTAL ADMINIST	TRATIVE COSTS (included in section IV above)	\$81,167		401110
Requirements of the California Department or Education, Child Development Deve					
NO CURPLEMENTAL DEVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report,	Requirements of Eligibility, enrollme maintained as req YES NO - Explain an Reimbursable expreimbursement, resupported (check YES	ent, and attendance records are being guired (check YES or NO): Only discrepancies, penses claimed above are eligible for easonable, necessary, and adequately YES or NO):	Dividion,		
NO CURREMENTAL DEVENUES OR EXPENSES - Check this box and omit page 4 if there are no supplemental revenues or expenses to report.					
	[""] NO CHORLES	ENTAL DEVENUES OR EXPENSES. Check this box and omit page 4 if there are no	supplemental revenues or exper	nses to report,	

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

AUDITED ATTENDANCE AND FISCAL REPORT for California State Preschool Programs Vendor No. 37-B801-00-5 Neighborhood House Association Agency Name: CCTR# 6215 Contract No. June 30, 2017 Fiscal Year End: COLUMN C COLUMN B **COLUMN A** AUDIT CUMULATIVE **CUMULATIVE FISCAL ADJUSTMENT FISCAL YEAR** YEAR PER AUDIT PER FORM INCREASE OR (DECREASE) SECTION V - SUPPLEMENTAL REVENUE **CDFS 8501** Enhancement Funding \$263,565 \$0 \$263,565 Other: Head Start \$263,565 \$0 TOTAL SUPPLEMENTAL REVENUE SECTION VI - SUPPLEMENTAL EXPENSES \$263,565 111,332 111,332 1000 Certificated Salaries 58,149 58,149 2000 Classified Salaries 54,382 54,382 3000 Employee Benefits 2,580 2,580 4000 Books and Supplies 13,162 13,162 5000 Services and Other Operating Expenses 23,960 23,960 6000 Equipment/Capital Outlay 0 Depreciation or Use Allowance 0 Indirect Costs NON-REIMBURSABLE EXPENSES 0 6100-6500 Non-reimbursable Capital Outlay \$263,565 \$0 TOTAL SUPPLEMENTAL EXPENSES \$263,565

AUDITED RESERVE ACCO	OUNT ACTIVITY RE	PORT	
Agency Name: Neighborhood House Association			
Fiscal Year End: June 30, 2017		Vendor No. 37-	801
Independent Auditor's Name: CohnReznick LLP	-		
RESERVE ACCOUNT TYPE (Check One):	COLUMN A	COLUMN B	COLUMN C
✓ Center Based☐ Resource and Referral☐ Alternative Payment	PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT
AST YEAR:			
Beginning Balance (must equal ending balance from Last Year's AUD 9530-A)	\$84,352	\$0	\$84,352
2. Plus Transfers from Contracts to Reserve Account			
(based on last year's post-audit CDFS 9530, Section IV):	\$13	\$0	13
Contract No. CSPP 6450	10	- 50	10
Contract No. CCTR 6215	10		0
Contract No. * Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	23	0	23
Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)	şo		\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$84,375	\$0	\$84,375
HIS YEAR:			
5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)	\$308	\$0	\$308
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			\$0
Contract No.	\$0	\$0	
Contract No.			
	0	0	
Total Transferred to Contracts from Reserve Account	<u>-</u>	- V	
7. Ending Balance on June 30, 2017 (column A must agree with this year's CDFS 9530-A, Section IV)	\$84,683	\$0	\$84,68
COMMENTS - If necessary, attach additional sheets to explain adjustme	ents:		
AUD 9530-A, Page 1 of 1 (FY 2016-17)		Californi	a Department of Education

COHN REZNICK ACCOUNTING • TAX • ADVISORY

Independent Member of Nexia International cohnreznick.com

Exhibit D

Certifications

Certifications

On behalf of the Offeror:

- 1. The individual signing certifies that he/she is authorized to contract on behalf of the Offeror.
- The individual signing certifies that the Offeror is not involved in any agreement to pay money or other consideration for the execution of this agreement, other than to an employee of the Offeror.
- 3. The individual signing certifies that the prices in this proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition.
- The individual signing certifies that the prices quoted in this proposal have not been knowingly disclosed by the Offeror prior to an award to any other Offeror or potential Offeror.
- The individual signing certifies that there has been no attempt by the Offeror to discourage any potential Offeror from submitting a proposal.
- 6. The individual signing certifies that the Offeror is a properly licensed certified public accounting firm in the state of California
- 7. The individual signing certifies that the Offeror meets the independence standards of the Government Auditing Standards.
- 8. The individual signing certifies that all audit participants are aware of and will comply with the GAO Continuing Education Requirement of 80 hours of continuing education every two years; and that 24 hours of the 80 hours of education will be in subjects directly related to the government environment and to government auditing for individuals.
- The individual signing certifies that all audit participants are aware of and will comply with the GAO requirement of an external quality control (peer) review at least once every three years.
- 10. The individual signing certifies that all audit participants have read and/or understand the requirements of the following publications relative to the proposed audits:
 - Government Auditing Standards (Yellow Book)

- A Guide for Nonprofit Organizations: Cost Principles and Procedures for Establishing Indirect Cost and Other Rates for Grants and Contract with the Department of Health and Human Services
- Audits of Voluntary Health and Welfare Organizations (AICPA Audit Guide)
- Audits of Certain Nonprofit Organizations (AICPA Audit Guide)
- 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards.
- 45 CFR Part 75, Uniform Administrative Requirements, Cost Principles, and Audit Requirements For HHS Awards.
- Audits of State and Local Units of Government (AICPA Audit Guide)
- 11. The individual signing certifies that he/she has read and understands all of the information in this Request for Proposal, including the information on the programs/grants/contracts to be audited.
- 12. The individual signing certifies that the Offeror, and any individuals to be assigned to the audits, does not have a record of substandard audit work and has not been debarred or suspended from doing work with any federal, state or local government. (If the Offeror or any individual to be assigned to the audits has been found in violation of any state or AICPA professional standards, this information must be disclosed.)

Successful bidder will be required to provide a sample **Engagement Letter** for the NHA Audit Committee's review that satisfies all compliance requirements of this proposal, as well as present the results of the latest Peer Review to the Audit Committee.

Financial Statements and
Schedules of Expenditures of Federal and State
Awards and Internal Control over Compliance
and Independent Auditor's Reports
(With Supplementary Information)

June 30, 2018 and 2017



<u>Index</u>

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	6
Statement of Functional Expenses	7
Notes to Financial Statements	8
Supplementary Information	
Schedules of Expenditures of Federal and State Awards	18
Notes to Schedules of Expenditures of Federal and State Awards	19
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	20
Independent Auditor's Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance	22
Schedule of Findings and Questioned Costs	24
Supplementary Information - California Department of Education Schedules	26



Independent Auditor's Report

To the Audit Committee Neighborhood House Association

Report on the Financial Statements

We have audited the accompanying financial statements of Neighborhood House Association ("NHA"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related statement of functional expenses for the year ended June 30, 2018 (with summarized financial information for 2017), 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 NHA as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying supplementary information on childcare programs on pages 27 through 52 is presented for purposes of additional analysis as required by the California Department of Education 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 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2018 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 2018 financial statements as a whole

Other Reporting Required by Government Auditing Standards

n accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of NHA'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 solely 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 NHA'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 NHA's internal control over financial reporting and compliance.

San Diego, California December 3, 2018

CohnReynickZZP

Statements of Financial Position June 30, 2018 and 2017

<u>Assets</u>

	2018		2017	
Current assets Cash and cash equivalents (Note 13) Restricted cash Investments (Notes 2 and 15) Grants and contracts receivable (Note 3) Operating advances Other accounts receivable Prepaid expenses	\$	6,213,354 33,750 186,833 2,385,439 796,260 147,085	\$	5,327,525 88,476 103,090 2,115,167 23,283 761,366 138,968
Total current assets		9,762,721		8,557,875
Property and equipment (Note 4) Property and equipment Less accumulated depreciation and amortization		20,431,317 (15,667,666)		20,336,823 (15,952,316)
Total property and equipment, net		4,763,651		4,384,507
Deposits		89,731		89,731
Total assets	\$	14,616,103	\$	13,032,113
Liabilities and Net Asset	<u>s</u>			
Current liabilities Accrued payroll and related liabilities Accounts payable and accrued expenses Accrued annual leave (Note 5) Current portion of long-term debt (Note 6)	\$	934,685 4,642,365 2,622,565 78,952	\$	892,493 3,213,750 2,475,732 61,846
Total current liabilities		8,278,567		6,643,821
Deferred rent Long-term debt, net (Note 6)	-	171,801 2,316,579	-	187,815 2,411,459
Total liabilities		10,766,947		9,243,095
Commitments and contingencies (Notes 8 and 9)				
Net assets Unrestricted Temporarily restricted (Note 7)		3,815,406 33,750		3,700,542 88,476
Total net assets	_	3,849,156		3,789,018
Total liabilities and net assets	\$	14,616,103	\$	13,032,113

Statements of Activities Years Ended June 30, 2018 and 2017

	2018	2017		
Changes in unrestricted net assets				
Revenues and support	\$ 90,994,005	\$ 83,892,502		
Grants and contracts (Note 10)	\$ 90,994,005 1,380,056	1,312,845		
Food reimbursements	418,391	276,678		
Reimbursements from partners	1,104,855	982,273		
Contributions and donations	•	874,952		
Service fees	897,508	11,313		
Investment return and interest income	11,380	1,334,547		
Other revenues	1,595,546	1,004,047		
Net assets released from donor restrictions	71,826			
Total unrestricted revenues and support	96,473,567	88,685,110		
Expenses				
Program services	89,072,244	82,667,621		
Supporting services		22 544		
Fundraising	53,839	32,514		
Management and general	7,232,620	6,561,692		
Total expenses	96,358,703	89,261,827		
Change in unrestricted net assets	114,864	(576,717)		
Change in temporarily restricted net assets	47.400	00.476		
Contributions	17,100	88,476		
Net assets released from donor restrictions	(71,826)			
Change in temporarily restricted net assets	(54,726)	88,476		
Change in net assets	60,138	(488,241)		
<u> </u>	3,789,018	4,277,259		
Beginning	·	A 0.700.040		
End	\$ 3,849,156	\$ 3,789,018		

Statements of Cash Flows Years Ended June 30, 2018 and 2017

	01	2018		2017
Cash flows from operating activities	•	00.439	¢.	(400 241)
Change in net assets	\$	60,138	\$	(488,241)
Adjustments to reconcile change in net assets to net cash				
provided by operating activities		400.754		541,313
Depreciation and amortization		492,751		(88,476)
Restricted contributions		(16 014)		3,358
Deferred rent		(16,014) 350		3,330
Gain on disposal of equipment		350		
Changes in operating assets and liabilities		(270 272)		(109,243)
Grants and contracts receivable		(270,272)		(109,243)
Other accounts receivable		(34,894)		179,728
Prepaid expenses and deposits		(8,117)		(23,283)
Operating advances		23,283 1,344,872		1,247,727
Accounts payable and accrued expenses		42,192		295,193
Accrued payroll and related liabilities		146,833		26,005
Accrued annual leave		140,000	-	20,000
Net cash provided by operating activities	8	1,781,122		1,481,148
Cash flows from investing activities		54,726	20	a .:
Release of restricted cash		(872,245)		(203,975)
Purchases of property and equipment		(012,210)	-	
Net cash used in investing activities		(817,519)	8	(203,975)
Cash flows from financing activities				
Proceeds from debt		= 3		440,000
Repayments on debt		(77,774)		(74,738)
Nepayments on door	-			
Net cash provided by (used in) financing activities	-	(77,774)	-	365,262
Net increase in cash and cash equivalents		885,829		1,642,435
Cash and cash equivalents, beginning	-	5,327,525		3,685,090
	Œ	6 212 254	\$	5,327,525
Cash and cash equivalents, end	\$	6,213,354	: <u> </u>	0,021,020
Supplemental disclosures of cash flow data Cash paid for interest	\$	107,049	\$	110,085

Statement of Functional Expenses

Year Ended June 30, 2018 (With summarized financial information for 2017)

			Pro	Program services	rvices		1	Suppo	Supporting services	ices		Total expenses	Senses	
			pac 4#ccl		Vouth and other				Mana	Management and				
	Childcare programs	3	nealul allo nutrition programs	sms	services	Total	1	Fundraising		general		2018		2017
					108 526	26 865 857	857 \$	ŝ	ω	4,096,268	↔	30,962,125	69	29,520,495
Salaries	23,5		475,0409	900				-		919,885		9,520,398		9,321,810
Fringe benefits	2,	7,805,099	754,350	300	41,040	2 171 409	409	3 299		965,208		3,139,916		2,767,197
Contracted services	-	1,496,921	317,	317,015	337,473	2,111,469	368	43,900		64,586		2,155,854		1,873,535
Supplies	-	1,959,731	0,5	004	11,113	379	379 939	ł		81,227		461,166		305,252
Telephone and pagers		322,011	Š.	000,	4,122	100	10.855	34		8,390		19,279		30,696
Postage	(8,034	- 070	101	102,1	3 965 707	707	9		97,684		4,063,391		3,034,613
Occupancy and storage	אַ	3,538,242	246	5 6 6	2.5	431	431 896	*		52,560		484,456		475,989
Utilities		392,213	0.0	29,003 7.438	4 057	5 2	20 957	2.550		15,557		39,064		49,438
Printing, publications and advertising		12,772	٠, ۲	071,	0,10	70%	897.483	0		200,828		1,098,311		1,062,382
Travel and meetings		770,284	94	46,059	01,140	20 250 853	252			::1		39,250,853		36,468,653
Subcontracts (Note 16)	39,	39,250,853		5		33,230	747	3 003		11 027		1,550,797		1,307,174
Food expense	₹	1,410,001	114,	,195	12,551	1,050,747	7+7	0,050		5.063		256 702		256,364
Client assistance		53,994	176,	,334	21,311	757	251,639	G.		0,000		1 821 530		1 252 623
Equipment expense	+	1.601,366	73,	326	4,224	1,678	1,678,916	×.		142,014		1,621,330		544 242
Equipment expense	-	167.613		Û	Y	167	167,613	r.		325,487		493,100		515,150
Depreciation and amortization		261,013	20		1.932	382	382,615	W.		117,984		500,599		522,184
Insurance		500,100	3 -	1 0 4	10201	125	125,558	(14)		40,278		165,836		154,114
Interest and fees		101,111		1961	58 397	286	286.319	1,033		87,974		375,326		317,995
Other expenses	·	223,020	610	958	17 232	6.478	6.478.352	:4		(6,478,352)				E.
Indirect cost	n	5,341,204	2	200										
Subtotal	,68	89,410,814	5,227,207	,207	912,575	95,550,596	965	53,839		754,268		96,358,703		89,261,827
Less: indirect allocation	(5.9	(5.941,284)	(519)	(519,836)	(17,232)	(6,478,352)	,352)	3 •		6,478,352		ř		63
							9 777	52 830	e.	7 232 620	G.	96.358.703	ь	89,261,827
Total expenses by function	\$ 83,	83,469,530	\$ 4,707,371	37.1	895,343	\$ 09,012,444			,					

Notes to Financial Statements June 30, 2018 and 2017

Note 1 - Organization and significant accounting policies

General

Neighborhood House Association ("NHA") is a California nonprofit corporation organized to provide an extensive network of services to residents of San Diego County.

NHA provides comprehensive health and human services through programs that include child development, family day care, senior nutrition, adult day health care, mental health services, housing and rental assistance and other related services that assist low-income and less fortunate families.

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this guidance, NHA is required to report 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. NHA does not have any permanently restricted assets.

NHA classifies its net assets and revenues, gains and other support based on the existence or absence of donor-imposed restrictions. Permanently restricted net assets result from contributions whose use is limited by donor stipulations that do not expire. Temporarily restricted net assets result from contributions whose use is limited by donor stipulations that either expire with the passage of time or can be fulfilled and removed by actions of NHA pursuant to those stipulations. Unrestricted net assets represent resources over which the board of directors has discretionary control.

Revenue and support

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions. Grants and contracts awarded for the acquisition of long-lived assets are reported as unrestricted operating revenue, in the absence of donor stipulations to the contrary, during the fiscal year in which the assets are acquired. Cash received in excess of revenue recognized is recorded as refundable advances.

Contributions and support are recognized in the period in which NHA receives a promise to give that is, in substance, unconditional. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Other accounts receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. NHA provides for losses on accounts receivable by calculating an allowance for uncollectible receivables. The allowance is based on experience, third-party contracts and other circumstances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is NHA's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. There were no allowances for doubtful accounts recorded as of June 30, 2018 or 2017.

Notes to Financial Statements June 30, 2018 and 2017

Donated goods and services

Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. During 2018 and 2017, the value of contributed services recognized as revenues and expenses in the accompanying financial statements was approximately \$545,000 and \$527,000, respectively, which included ophthalmology services and related use of supplies and equipment.

In addition, a substantial number of volunteers donated their time to NHA's program services during each year; however, the value of these donated services is not reflected in the financial statements, as the requirements for recognition have not been met.

Cash and cash equivalents

NHA considers all highly-liquid investments with an original maturity of three months or less when acquired to be cash equivalents.

Investments

NHA invests in marketable securities which are carried at fair value, with realized and unrealized gains and losses included in the statements of activities.

Operating advances

Operating advances represent advances to delegate agencies that relate to the next program year. Advances are made to ensure that operations continue over the summer. They are repaid through a reduction of funding at the end of the contract.

Property and equipment

Property and equipment with an acquisition cost of \$5,000 or greater is capitalized at cost and depreciated using the straight-line method over its estimated useful life. Leasehold improvements are amortized over the shorter of the useful life or the lease term. Useful lives are as follows:

Description	Useful life
Buildings Building improvements Leasehold improvements Vehicles Furniture and equipment Computer equipment	15-30 years 3-10 years 3-15 years 5 years 3-5 years 3-5 years
Compater equipment	/

Impairment of long-lived assets

NHA reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing a review for impairment, NHA compares the carrying value of the assets with their estimated future undiscounted cash flows. If it is determined that impairment has occurred, the loss would be recognized during that period. The impairment loss is calculated as the difference between the asset carrying values and the present value of estimated net cash flows or comparable market values, giving consideration to recent operating performance and pricing trends. NHA does not believe that any material impairment currently exists related to its long-lived assets.

Notes to Financial Statements June 30, 2018 and 2017

Deferred rent

Rent expense on operating leases with scheduled or minimum rent increases is expensed on the straight-line basis over the lease terms. Deferred rent represents the excess of rent charged to expense over rent payable under the lease agreements.

Income taxes

NHA is a private, nonprofit agency organized under the laws of the State of California 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.

For the years ended June 30, 2018 and 2017, management of NHA believes it has adequate support for all material tax positions and that it is more likely than not, based on the technical merits, that the positions will be sustained upon examination. NHA recognizes interest and penalties, if any, related to tax in interest expense. NHA has analyzed the tax positions taken in its filings with the Internal Revenue Service and the California Franchise Tax Board. Accordingly, NHA has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2018 and 2017.

NHA's federal and state income tax returns prior to fiscal years 2015 and 2014, respectively, are closed. Management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax laws and new authoritative rulings. Management is not aware of any pending reviews or examinations.

Advertising

NHA expenses advertising costs as incurred. Advertising costs for the years ended June 30, 2018 and 2017 were approximately \$13,000 and \$10,000, respectively.

Functional expenses

The costs of providing the various programs 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 supporting services benefited.

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be significant.

Subsequent events

Subsequent events have been evaluated through December 3, 2018, which is the date the financial statements were available to be issued.

Note 2 - Investments

Investments consist of equity and other securities with an approximate fair value of \$187,000 and \$103,000 at June 30, 2018 and 2017, respectively. Fair values have been determined by reference to the most recent market quotations for the respective investments.

Notes to Financial Statements June 30, 2018 and 2017

Note 3 - Grants and contracts receivable

At June 30, 2018 and 2017, grants and contracts receivable consist of the following:

	 2018	 2017
Head Start State programs County programs Food reimbursements Other programs	\$ 374,552 827,513 787,422 395,952	\$ 620,437 227,342 894,477 370,312 2,599
Total	\$ 2,385,439	\$ 2,115,167

Note 4 - Property and equipment

Property and equipment as of June 30, 2018 consists of the following:

	<u></u>	Cost	d	ccumulated epreciation d amortization	_Ne	t book value
Land Building Building improvements Leasehold improvements Vehicles Furniture and equipment Computer equipment Construction in progress	\$	1,215,004 4,871,603 615,267 8,085,942 1,785,549 3,568,835 289,117	\$ \$	3,067,157 611,238 6,515,685 1,736,363 3,448,106 289,117	\$	1,215,004 1,804,446 4,029 1,570,257 49,186 120,729

Property and equipment as of June 30, 2017 consists of the following:

	 Cost	d	ccumulated lepreciation d amortization	_Ne	t book value_
Land Building Building improvements Leasehold improvements Vehicles Furniture and equipment Computer equipment Construction in progress	\$ 1,191,750 4,768,000 615,267 7,890,285 1,807,053 3,689,821 299,232 75,415 20,336,823	\$	2,805,287 609,809 6,890,773 1,804,613 3,547,660 294,174 - 15,952,316	\$	1,191,750 1,962,713 5,458 999,512 2,440 142,161 5,058 75,415

Notes to Financial Statements June 30, 2018 and 2017

A significant portion of NHA's property and equipment is identified as collateral for certain long-term debt as described in Note 6. There were disposals with a net carrying value of \$777,750 and \$0 during the fiscal years ended June 30, 2018 and 2017 respectively.

Property and equipment acquired by NHA with funds from award programs is considered to be owned by NHA while used in the program for which it was purchased and in other authorized programs. However, funding sources have reversionary interest in the property and in its disposition (i.e., the asset is returned to the federal government upon disposal or if no longer in-use), as well as the ownership of any proceeds which are subject to pertinent regulations. The net book value of reversionary assets as of June 30, 2018 and 2017 is approximately \$4,764,000 and \$4,309,000, respectively, and is included in property and equipment.

Note 5 - Accrued annual leave

Accrued annual leave is presented as a liability in the statements of financial position. NHA records the accrued leave as it is earned by the employees. These amounts have been funded with cash covered by FDIC insurance.

Note 6 - Long-term debt

Long-term debt consists of the following:

	 2018	 2017
Note payable to Torrey Pines Bank in monthly installments of principal and interest, with a fixed interest rate of 5.25%. The loan commenced on July 25, 2013 and matures on July 28, 2023. The note is secured by a Deed of Trust covering real property located at 5660 Copley Drive, San Diego, California.	\$ 1,955,531	\$ 2,033,305
Note payable to Alliance Healthcare Foundation in monthly installments of principal and interest, with a fixed interest rate of 4%. The loan commenced on January 12, 2017 and matures on January 1, 2023. The note is secured by real property located at 851 South 35th Street, San Diego, California.	440,000	 440,000
Less current portion	 2,395,531 (78,952)	2,473,305 (61,846)
Long-term portion	 2,316,579	 2,411,459

Notes to Financial Statements June 30, 2018 and 2017

Maturities of long-term debt in each of the five years subsequent to June 30, 2018 and thereafter are calculated as follows:

2019	\$ 78,952 103,920
2020 2021	124,046
2022	130,330 136,935
2023 Thereafter	 1,821,348
Total	\$ 2,395,531

Note 7 - Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes at June 30, 2018 and 2017:

	2018	-	2017
College academy Summer internship Other	\$ 33,750 	\$	37,000 16,650 34,826
Total	\$ 33,750	\$	88,476

Note 8 - Operating lease commitments

NHA occupies numerous facilities under operating lease agreements that expire at various dates through June 2029. The future minimum payments under these operating leases for each of the five years subsequent to June 30, 2018 and thereafter are as follows:

2020 2021 2022 2023 Thereafter	 1,033,087 834,968 592,669 1,234,454
Total	\$ 7,292,528

Total operating lease expense for the years ended June 30, 2018 and 2017 was approximately \$2,328,664 and \$2,203,770 respectively.

Note 9 - Contingencies

NHA is involved in various claims arising from the normal course of operating its programs and activities, none of which in the opinion of management or NHA's legal counsel will have a material adverse effect on the financial position or results of operations of NHA.

Notes to Financial Statements June 30, 2018 and 2017

Note 10 - Grants and contracts revenues

In the fiscal years ended June 30, 2018 and 2017, NHA recognized grants and contracts revenues from the following sources:

	2018	2017
Head Start program State programs County programs Other programs	\$ 78,747,516 6,183,127 6,060,462 2,900	\$ 73,318,405 4,838,932 5,706,286 28,879
Total grants and contracts	\$ 90,994,005	\$ 83,892,502

Note 11 - 401(k) plan

NHA maintains a defined contribution 401(k) plan covering regular full-time employees. NHA's contribution to the 401(k) plan is based upon a maximum of 6% of the salaries of those employees participating in the plan. Employees covered by the plan have a mandatory contribution of 3% of their respective gross salaries, and can make additional voluntary contributions not to exceed \$18,500 for the tax year ending December 31, 2018. Also, employees age 50 or over by the end of the plan year are allowed to make up to \$6,000 of additional contributions to the 401(k) plan, in excess of the standard limits. The 401(k) plan is administered by a private pension company. Employer contributions charged to operations for the years ended June 30, 2018 and 2017 were approximately \$1,571,000 and \$1,510,000, respectively.

Note 12 - Indirect costs

NHA has negotiated and obtained the following indirect cost rates from the U.S. Department of Health and Human Services, the federal cognizant agency:

	Provisional2018	Final 2017
Head Start	10.6%	10.4%
Non Head Start	11.5%	10.4%
Subawards/Delegate agencies	2.0%	2.0%

Indirect costs are charged to the programs in accordance with negotiated rates or specific budgetary limits. The amounts charged for the years ended June 30, 2018 and 2017 were approximately \$6,478,000 and \$5,881,000, respectively.

Note 13 - Concentrations of credit risk

Financial instruments, which potentially subject NHA to concentrations of credit risk, consist primarily of cash and cash equivalents and accounts receivable. NHA maintains its cash and cash equivalents with high-credit quality institutions. At times, such amounts may exceed federally insured limits. However, to minimize risk, the funds are diversified among various financial institutions.

Notes to Financial Statements June 30, 2018 and 2017

At June 30, 2018, NHA had cash and cash equivalents in excess of FDIC insured limits at certain financial institutions totaling approximately \$3,769,000.

NHA has 11 government contracts in fiscal year 2018 from federal, state and local sources. The largest contract was for the federal Head Start program totaling \$80,908,780. Included in grants and contracts receivable at June 30, 2018 is \$374,552 related to this contract.

Note 14 - Union contract

Most non-management personnel (representing 40% of total employees) of NHA are members of the Service Employees International Union, Local #2028. NHA's contract with the union was in effect through June 30, 2017, and continues to be in effect from year to year thereafter, unless either party terminates the contract. NHA's other employees are not represented by a union.

Note 15 - Fair value measurements

NHA values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, NHA utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Financial assets and liabilities carried at fair value at June 30, 2018 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	Total
Equity securities	\$ 186,833	<u>\$ -</u>	_\$	\$ 186,833
Total assets at fair value	\$ 186,833	\$ -	\$ -	\$ 186,833

Notes to Financial Statements June 30, 2018 and 2017

Financial assets and liabilities carried at fair value at June 30, 2017 are classified in the table below in one of the three categories described above:

	Level 1	Level 2		Level 3		Total	
Equity securities	\$ 103,090	\$	i.	_\$		_\$_	103,090
Total assets at fair value	 103,090	\$	5	\$	-	<u>\$</u>	103,090

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Investments in equity securities are valued using market prices on active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 16 - Subcontracts expense

Subcontracts expense for the fiscal years ended June 30, 2018 and 2017 included the following:

ω.	2018	2017
Subawards/Delegate agencies Contracted child care	\$ 32,354,101 6,896,752	\$ 29,315,025 7,153,628
Total	\$ 39,250,853	\$ 36,468,653



Schedule of Expenditures of Federal and State Awards Year Ended June 30, 2018

					Award Amount		Expenditures	itures
Federal grantor / pass-through grantor / program title or cluster	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Federal	State	Total	Federal	State
U.S. Department of Health and Human Services Head Start Program 09CH911804 Head Start Program 09CH911805 Total Head Start Program	93.600		39,250,853	\$ 80,908,780 80,908,780	so	\$ 80,908,780	538,547 \$ 78,208,969 78,747,516	69
Passed through from the County of San Diego. Aging Cluster. Special Programs for the Aging - Title III, Part B - Grants special Programs for the Aging - Title III, Part C - Nutrition Services Special Programs for the Aging - Title III, Part C - Nutrition Services Nutrition Services Incentive Program Total Aging Cluster	93.044 93.045 93.053	547780 547780 547780		18,407 54,453 9,450 82,310	2 6 9 3	18,407 54,453 9,450 82,310	18,407 54,453 9,450 82,310	F. 7 . 2 .
Passed through from the County of San Diego: HIV Emergency Relief Project Grants (Case Manegement) (1) HIV Emergency Relief Project Grants (Case Manegement) (2) Total for HIV Emergency Relief Project Grants	93.914 93.914	537490 537490	3 1	483,414 187,083 670,497		483,414 187,083 670,497	323.200 147.091 470.291	* * *
Passed through California State Department of Education. Child Care and Development Fund (CODF) Cluster. Child Care Mandaroy and Matching Funds of the CODF Child Care Mandatory and Matching Funds of the CODF Total for Child Care Mandatory and Matching Funds of the CODF	93.596 93.596	CCTR-7216 CSPP-7473	* · · · · ·	346,031		346,031	346,031	
Child Care and Development Block Grant Child Care and Development Block Grant Total for Child Care and Development Block Grant	93.575 93.575	CCTR-7216 CSPP-7473	300 × X	159,008		159,008	159,008	
Total CCDF Cluster				505,039	200 000	1 396 093	80000	1,508,939
Child Development Program Child Development Program Total for Child Development Program	93.U00	CCTR-7216 CSPP-7473			1,395,093 4,636,652 6,032,745	4,536,035 4,636,652 6,032,745		4,695,906 6,204,845
Medicald Cluster: Medical Assistance Program (Medicald - Title XIX) Medical Assistance Program (Medicald - Title XIX) Total Medicald Cluster	93.778 93.778	551031 557159	•	59,218 118,436 177,654	4	59,218 118,436 177,654	59,218 118,436 177,654	158,505
Maternal and Child Health Services Block Grant to the States Maternal and Child Health Services Block Grant to the States Total Maternal and Child health Services Block Grant to the States	93.994	551031 557159	(ite)	53,091 106,182 159,273		53,091 106,182 159,273	106.182	140,561
Total U.S. Department of Health and Human Services			39,250,853	82,503,553	6,032,745	88,536,238	80,142,083	10000
U.S. Department of Agriculture Passed through from the State Department of Education: Child and Adult Care Food Program: Child Care Centers Adult Day Care Centers Total U.S. Department of Agriculture	10.558	04500-CACFP-37-NP-CS 04500-CACFP-37-NP-CS	, ,	1,325,592 54,464 1,380,056		1,325,592 54,464 1,380,056	1,325,592 54,464 1,380,056	
U.S. Department of Housing and Urban Development Passed through from the Rural Community Assistance Corporation. Housing Finance Agency Innovation Fund for the Hardest Hit Housing Market's Total Department of Housing and Urban Development	14.000	KYHC/CalHFA MAC-N181/13		75,000		75,000	2,900	
Total Expenditures of Federal and State Awards			\$ 39,250,853	\$ 83,958,609	\$ 6,032,745	\$ 89,991,354	\$ 81,525,039	\$ 6,503,911
A 1 4 - 2 - 2								

Notes:

Notes to Schedule of Expenditures of Federal and State Awards June 30, 2018

Note 1 - Basis of presentation

The accompanying schedule of expenditures of federal and state awards (the "Schedule") include the federal and state grant activity of NHA under programs of the federal and state governments for the year ended June 30, 2018. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance"), and with the requirements of the NHA Audit Guide issued by the California Department of Education. Because the schedule presents only a selected portion of the operations of NHA, it is not intended to, and does not present, the financial position, changes in net assets or cash flows of NHA.

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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Program revenues

Revenues from award programs are recognized in the period in which terms of the grant or contractual agreements have been met and the revenue earned, and is included in NHA's financial statements as "Grants and contracts."

Note 3 - Federal contracts

Reconciliation of reported and audited expenses

Program	Program expenses		
Amount shown on the schedule of expenditures of federal awards Add: obligations liquidated after June 30, 2018 Extension to the Liquidation Period for 09CH9118/PY05	\$ 	78,208,969 1,854,838 844,973	
Total Head Start expenses reported on the SF-425	\$	80,908,780	

Note 4 - Disclosure of audit fees

In accordance with the audit disclosure requirements of the State of California, Department of Education, the audit contract for NHA for the fiscal year ended June 30, 2018 included an audit fee of approximately \$130,000.

Note 5 - Indirect cost rate

NHA has been assigned an indirect cost rate of 10.6% by its cognizant agency. Accordingly, the de minimis indirect cost rate of 10% as allowed under the Uniform Guidance, was not elected.

Note 6 - Non-cash assistance

In accordance with matching requirements for the Head Start program, the value of non-cash assistance (in-kind donations) was \$23,105,840 for fiscal year ended June 30, 2018.



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 Audit Committee Neighborhood House Association

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 Neighborhood House Association ("NHA"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered NHA'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 NHA's internal control. Accordingly, we do not express an opinion on the effectiveness of NHA'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 NHA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Diego, California

CohnReynickZZP

December 3, 2018



Independent Auditor's Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by the Uniform Guidance

To the Audit Committee Neighborhood House Association

Report on Compliance for Each Major Federal and State Program

We have audited Neighborhood House Association's ("NHA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of NHA's major federal and state programs for the year ended June 30, 2018. NHA's major federal and state 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 and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of NHA's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "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 or state program occurred. An audit includes examining, on a test basis, evidence about NHA'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 and state program. However, our audit does not provide a legal determination of NHA's compliance.

Opinion on Each Major Federal and State Program

In our opinion, NHA 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 and state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of NHA 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 NHA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state 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 and state 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 NHA'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 or state 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 or state 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 or state 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.

San Diego, California December 3, 2018

CohnReynickZZP

Schedule of Findings and Questioned Costs Year Ended June 30, 2018

Part I - Summary of Auditor's Results

Auditee qualified as low-risk auditee?

Financial Statements Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: unmodified Internal control over financial reporting: ____yes <u>X_</u>no Material weaknesses identified? ____yes <u>X</u>none reported Significant deficiencies identified? _____yes <u>X</u>_no Noncompliance material to financial statements noted? Federal Awards Internal control over major programs: ____yes __X __no Material weaknesses identified? ____yes <u>X</u>none reported Significant deficiencies identified? Type of auditor's report issued on compliance unmodified for major programs: Any audit findings disclosed that are required to be X no reported in accordance with 2 CFR 200.516 (a) yes Identification of the major programs tested: Name of Federal/State Program CFDA/Award Number Head Start Program 93.600 Dollar threshold used to distinguish between \$2,445,751 type A and type B programs:

X yes ____no

Schedule of Findings and Questioned Costs Year Ended June 30, 2018

Part II - Financial Statement Findings Section

None noted.

Part III - Federal Award Findings and Questioned Costs Section

None noted.



Combined Statement of Financial Position June 30, 2018

	Ge Ca CCT Stat	combined neral Child re Program R 7216 and e Preschool SPP 7473
Cash and cash equivalents Grants and contracts receivable Prepaid expenses	\$	(433,441) 824,079 1,529
Total assets	\$	392,167
Bank overdrafts Accounts payable Accrued payroll and benefits Accrued annual leave CDE reserve funds	\$	2,611 (1,768) 308,141 83,183
Total liabilities		392,167
Net assets from operations Equity in property and equipment Transfers to distribution fund		
Total net assets		-
Total liabilities and net assets	\$	392,167

Combining Statement of Activities Year Ended June 30, 2018

er SDE ams Total	88,737,938 \$ 94,736,316 875,790 897,508 184,749 600,268	89,613,728 96,418,841	26,484,858 30,962,125				461,166 461,166	19,279 19,279	4,0			1,098,311 1,098,311	1,550,797 1,550,797			39 846 250 40,541,817		1	89,003,471	610,257 60,138	3,789,018 3,789,018	3 849 156
Other non-CDE programs	\$ 88,73	89,67	26.48	76,7	3,13	2,1	4	•	4.0	4		1,0	1.5	. 60	Ţ.	39.8	9)		0,68		3,7	6
Total CDE contracts	\$ 5,998,378 21,718 184,749 600,268	6,805,113	4 477 267	1,569,514	0.00	5,127		3	231	9.9		ř	ï	3	ŝ	695 567	607,757		7,355,232	(550,119)	{ (•	. (CEO 440)
State Preschool Program CSPP 7473	\$ 4,632,358 63,548 525,983	5,221,889	3 435 587	1 204 142	! - '.' - '.'	1.821	7	Î				3.0	. j ∓			505 052	252,252 464 189	ר. הלי	5,701,691	(479,802)	ì	(000 027)
General Child Care Program CCTR 7216	\$ 1,366,020 21,718 121,201 74,285	1,583,224	044 690	1,041,000	215,000	3306	5		ń :	6 3	• 0	P) (0			ı.	1000	99,013	143,300	1,653,541	(70,317)	¥	
	Grants, contracts, contributions and other Service fees Reserve Fund	Total revenues		Salaries	Fringe benefits	Contracted services	Supplies	Felephone and pagers	Postage	Occupancy and storage	Utilities	Printing, publications and advertising	Fravel and meetings	Food expense	Equipment purchases and repairs	nsurance	Other expenses	Indirect costs	Total expenses	Increase (decrease) in net assets	Scientisch of opening to	Net assets, beginning

^{**}Net assets are not required to be used for State child care programs and as such are not carried forward to future years.

Combining Schedule of Administrative Expenses Year Ended June 30, 2018

	General Child Care Program CTR 7216		State Preschool ogram CSPP 7473		Combining total
Expenses	\$ 19,315	\$	69,627	\$	88,942
Indirect costs	 143,568	8	464,189	_	607,757
Total administrative expenses	\$ 162,883	\$	533,816	\$	696,699

Combining Schedule of Equipment Expenditures Utilizing Contract Funds Year Ended June 30, 2018

	Ch P	Seneral ild Care rogram TR 7216	Р	State eschool rogram PP 7473	Combining total		
Unit costs under \$5,000 items	\$	9. 2	\$	(- 0.2	\$	æ	
Unit costs over \$5,000 with CDD approval		-		*		ı <u>u</u>	
Unit costs over \$5,000 without CDD approval					i V		
Total equipment expenditures	\$	-	\$	(●)	\$	0.5	

Combining Schedule of Renovation and Repair Expenditures Utilizing Contract Funds Year Ended June 30, 2018

	Chi Pr	eneral ld Care ogram FR 7216	Р	State eschool rogram PP 7473	mbining total
Unit costs under \$10,000 items	\$	•	\$	·	\$:•:
Unit costs over \$10,000 with CDD approval				3 5 7	
Unit costs over \$10,000 without CDD approval	4	<u> </u>		-	 <u></u>
Total renovation and repair expenditures	\$	2=	\$		\$ <u>-</u>

Combining Schedule of Expenses by State Categories Year Ended June 30, 2018

Expenses	General Child Care Program CCTR 7216		_	State Preschool Program CSPP 7473		Combining total
1000 Certified Salaries	\$	642,889	\$	2,206,508	\$	2,849,397
2000 Classified Salaries		398,791		1,229,079		1,627,870
3000 Employee Benefits		365,372		1,204,142		1,569,514
4000 Books and Supplies		3,306		1,821		5,127
5000 Contract Services and Other Operating Expenses		99,615		595,952		695,567
6000 Sites, Buildings, Books and Media & New Equipment		≅		12		<u>.</u> .
Expenses not otherwise classified Start-up Expenses Capital Outlay Revolving Fund		- - -		- - -		
Repayment Indirect Costs		143,568		464,189	_	607,757
Total Reimbursable Expenses		1,653,541		5,701,691		7,355,232
Non-Reimbursable Expenses		일/	_		_	: E
Total Reimbursable and Non-Reimbursable Expenses	\$	1,653,541	\$	5,701,691	\$	7,355,232

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

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS A U D 8501 Page 1 of 9 (09/18) Fiscal Year Ending June 30, 2018

Contract Number CSPP# 7473

Vendor Code 37-B81-00-5

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Three and Four Year Olds Full-time-plus				1.1800	-
Three and Four Year Olds Full-time			11-	1.0000	:=
Three and Four Year Olds Three-quarters-time			1-0	0.7500	Ē.
Three and Four Year Olds One-half-time	163,568		163,568	0.6193	101,297.6624
Exceptional Needs Full-time-plus			<u> </u>	1.4160	(#)
Exceptional Needs Full-time			-	1.2000	(#C
Exceptional Needs Three-quarters-time			- 8	0.9000	3 - 2
Exceptional Needs One-half-time				0.6193	(E)
Limited and Non-English Proficient Full-time-plus				1.2980	1649
Limited and Non-English Proficient Full-time			120	1.1000	(se) =
Limited and Non-English Proficient Three-quarters-time				0.8250	-
Limited and Non-English Proficient One-half-time				0.6193	-

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS A U D 8501 Page 2 of 9 (09/18) Fiscal Year Ending June 30, 2018

Contract Number CSPP# 7473

Vendor Code 37-B81-00-5

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
At Risk of Abuse or Neglect Full-time-plus			5.1	1.2980	:-
At Risk of Abuse or Neglect Full-time			:=::	1.1000	<u> </u>
At Risk of Abuse or Neglect Three-quarters-time			(4)	0.8250	=
At Risk of Abuse or Neglect One-half-time			3	0.6193	•
Severely Disabled Full-time-plus			(4)	1.7700	30
Severely Disabled Full-time				1.5000	(#):
Severely Disabled Three-quarters-time				1.1250	~
Severely Disabled One-half-time			()	0.6193	
TOTAL DAYS OF ENROLLMENT	163,568	9	163,568	N/A	101,297.6624
DAYS OF OPERATION	178		178	N/A	
DAYS OF ATTENDANCE	162,843		162,843	N/A	

[□] NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-5) and continue to Revenue Section on page 6.

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS A U D 8501 Page 3 of 9 (09/18)

					· · · · · · · · · · · · · · · · · · ·
Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Toddlers (18 up to 36 months) Full-time-plus			3	1.6520	-
Toddlers (18 up to 36 months) Full-time			5=6	1.4000	F.
Toddlers (18 up to 36 months) Three-quarters-time			(#3	1.0500	
Toddlers (18 up to 36 months) One-half-time				0.7700	*
Three and Four Year Olds Full-time-plus			9:€:	1.1800	7
Three and Four Year Olds Full-time			ı.ē	1.0000	·
Three and Four Year Olds Three-quarters-time			-	0.7500	
Three and Four Year Olds One-half-time	14,939		14,939	0.6193	9,251.7227
Exceptional Needs Full-time-plus			2	1.4160	:=0
Exceptional Needs Full-time			-	1.2000	•
Exceptional Needs Three-quarters-time				0.9000	*

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS A U D 8501 Page 4 of 9 (09/18) Fiscal Year Ending June 30, 2018

Contract Number CSPP#7473

Vendor Code 37-B81-00-5

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Limited and Non-English Proficient Full-time-plus			:::	1.2980	÷
Limited and Non-English Proficient Full-time			•	1.1000	þ.
Limited and Non-English Proficient Three-quarters-time			11 0 0	0.8250	
Limited and Non-English Proficient One-half-time			8.5	0.6193	2
At Risk of Abuse or Neglect Full-time-plus			16	1.2980	
At Risk of Abuse or Neglect Full-time			-	1.1000	<u> </u>
At Risk of Abuse or Neglect Three-quarters-time			Ē.	0.8250	(₩);

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS A U D 8501 Page 5 of 9 (09/18) Fiscal Year Ending June 30, 2018

Contract Number CSPP# 7473

Vendor Code 37-B81-00-5

Section 2 - Non-Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				1.7700	
Severely Disabled Full-time				1.5000	
Severely Disabled Three-quarters-time				1.1250	
Severely Disabled One-half-time				0.6193	
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	14,939		14,939	N/A	9,251.7227

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS A U D 8501 Page 6 of 9 (09/18)

Fiscal Year Ending June 30, 2018 Contract Number Vendor Code

CSPP# 7473 37-B81-00-5

Section 3 - Revenue	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	525,983		525,983
Restricted Income - County Maintenance of Effort (EC Section 8279)			夏
Restricted Income - Other:			0€(
Restricted Income - Subtotal	525,983	-	525,983
Transfer from Reserve General	63,548		63,548
Transfer from Reserve Professional Development			E_
Transfer from Reserve Total	63,548	s	63,548
Family Fees for Certified Children			-
Interest Earned on Child Development Apportionment Payments			Ħ.
Unrestricted Income: Fees for Non-Certified Children			¥
Unrestricted Income: Head Start			
Unrestricted Income - Other:			8
Total Revenue	589,531	1.5	589,531

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS A U D 8501 Page 7 of 9 (09/18)

Start-up Expenses (service level exemption)

Indirect Costs (Include in Administrative Cost)
Non-Reimbursable (State Use Only)

Budget Impasse Credit

Fiscal Year Ending
Contract Number
Vendor Code

June 30, 2018

CSPP# 7473

37-B81-00-5

464,189

5,701,691

Full Name of Contractor Neighbhorhood House Association Column B Column C Column A Audit Cumulative Cumulative Section 4 - Reimbursable Expenses Per Audit **CDNFS 8501** Adjustments Direct Payments to Providers (FCCH only) 2,206,508 2,206,508 1000 Certificated Salaries 1,229,079 1,229,079 2000 Classified Salaries 1,204,142 1,204,142 3000 Employee Benefits 1,821 1,821 4000 Books and Supplies 595,952 595,952 5000 Services and Other Operating Expenses 6100/6200 Other Approved Capital Outlay 6400 New Equipment (program-related) 6500 Equipment Replacement (program-related) Depreciation or Use Allowance

Total Administrative Cost (included in section 4 above)

Approved Indirect Cost Rate: 10%

Comments:

No Supplemental Revenue check this box and omit Page 8.

Total Reimbursable Expenses

464,189

5,701,691

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS A U D 8501 Page 8 of 9 (09/18)

Fiscal Year Ending June 30, 2018 Contract Number Vendor Code

CSPP# 7473 37-B81-00-5

Section 5 - Supplemental Revenue	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Enhancement Funding	538,476		538,476
Other:			(4)
Other:			•
Total Supplemental Revenue	538,476	·	538,476
Section 6 - Supplemental Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certified Salaries			(š :
2000 Classified Salaries			100
3000 Employee Benefits			-
4000 Books and Supplies			•
5000 Services and Other Operating Expenses	538,476		538,476
6000 Equipment/Capital Outlay			*
Depreciation or Use Allowance			
Indirect Costs			*
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			ž.,

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS A U D 8501 Page 9 of 9 (09/18)

Fiscal Year Ending Contract Number Vendor Code

June 30, 2018 CSPP# 7473 37-B81-00-5

Full Name of Contractor Neighborhood House Association

Section 7 - Summary	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	
Total Certified Days of Enrollment	163,568		163,568	
Days of Operation	178	J. J.	178	
Days of Attendance	162,843		162,843	Α
Total Non-Certified Days of Enrollment	14,939	1.5	14,939	^
Restricted Program Income	525,983	: : : : : : : : : : : : : : : : : : :	525,983	
Transfer from Reserve	63,548	340	63,548	To
Family Fees for Certified Children	? = }		2	
Interest Earned on Apportionment Payments	(A)	V.€E	7.5	
Direct Payment to Providers	520		Æ	
Start-up Expenses (service level exemption)	.	729	:=0	
Total Reimbursable Expenses	5,701,691	<u> </u>	5,701,691	
Total Administrative Cost	533,816		533,816	

Total Certified Adjusted Days of Enrollment

101,297.6624

otal Non-Certified Adjusted Days of Enrollment

9,251.7227

Independent Auditor's Assurances on Agency's Compliance with the Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Learning and Care Division (formerly Early Education and Support Division):

Fligibility, enrollment a	nd attendance records a	re being maintained a	s required (che	ck YES or NO
---------------------------	-------------------------	-----------------------	-----------------	--------------

Yes No

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

Yes

Include any comments in the Comments box on page 7. If necessary, attach additional sheets to explain adjustments.

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS

Fiscal Year Ending June 30, 2018

Contract Number CCTR# 7216

Vendor Code 37-B801-00-5

A U D 9500 Page 1 of 10 (09/18)

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Infants (up to 18 months) Full-time-plus			353	2.006	·
Infants (up to 18 months) Full-time				1.700	¥
Infants (up to 18 months) Three-quarters-time			120	1.275	-
Infants (up to 18 months) One-half-time			ű s e	0.935	5
FCCH Infants (up to 18 months) Full-time-plus			18	1.652	ğ
FCCH Infants (up to 18 months) Full-time			73	1.400	2
FCCH Infants (up to 18 months) Three-quarters-time			¥	1.050	
FCCH Infants (up to 18 months) Öne-half-time			=	0.770	1 8 8
Toddlers (18 up to 36 months) Full-time-plus			-	1.652	
Toddlers (18 up to 36 months) Full-time-plus	18,703		18,703	1.400	26,185
Toddlers (18 up to 36 months) Three-quarters-time	4,023		4,023	1.050	4,224
Toddlers (18 up to 36 months) One-half-time	170		170	0.770	131
Three Years and Older Full-time-plus				1.180	<u>*</u>
Three Years and Older Full-time-plus) 2 7)	1.000	24
Three Years and Older Three-quarters-time			2	0.750	:(- :
Three Years and Older One-half-time			₹#5	0.550	

CALIFORNIA DEPARTMENT OF EDUCATION
AUDITED ATTENDANCE AND FISCAL REPORT FOR
CHILD DEVELOPMENT PROGRAMS
A U D 9500 Page 2 of 10 (09/18)

Fiscal Year Ending June 30, 2018

Contract Number CCTR# 7216

Vendor Code 37-B801-00-5

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Exceptional Needs Full-time-plus			72	1.416	=
Exceptional Needs Full-time			:*:	1.200	5
Exceptional Needs Three-quarters-time			3 . €	0.900	9
Exceptional Needs One-half-time			€	0.660	=
Limited and Non-English Proficient Full-time-plus			e:	1.298	
Limited and Non-English Proficient Full-time			-	1.100	-5
Limited and Non-English Proficient Three-quarters-time				0.825	20
Limited and Non-English Proficient One-half-time				0.605	(4):
At Risk of Abuse or Neglect Full-time-plus			1	1.298	: : : : : : : : : : : : : : : : : : :
At Risk of Abuse or Neglect Full-time			-	1.100	
At Risk of Abuse or Neglect Three-quarters-time			-	0.825	:
At Risk of Abuse or Neglect One-half-time			*	0.605	:*:

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS A U D 9500 Page 3 of 10 (09/18) Fiscal Year Ending June 30, 2018

Contract Number CCTR# 7216

Vendor Code 37-B801-00-5

Section 1 - Days of Enrollment Certified Children	Cumulative CDNFS	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus			គ	1.770	(<u>@</u>
Severely Disabled Full-time			=	1.500	141
Severely Disabled Three-quarters-time			-	1.125	
Severely Disabled One-half-time			받	0.825	-

Section 1 - Days of Enrollment Certified Children	Cumulative CDNFS	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
TOTAL DAYS OF ENROLLMENT	22,896	-	22,896	N/A	30,540.25
DAYS OF OPERATION	245		245	N/A	
DAYS OF ATTENDANCE	22,807		22,807	N/A	

[☐] NO NON-CERTIFIED CHILDREN Check this box (omit pages 4-6) and continue to Revenue Section on page 7.

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS A U D 9500 Page 4 of 10 (09/18) Fiscal Year Ending June 30, 2018

Contract Number CCTR# 7216

Vendor Code 37-B801-00-5

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Infants (up to 18 months) Full-time-plus			:=:	2.006	E
Infants (up to 18 months) Full-time			G.	1.700	2
Infants (up to 18 months) Three-quarters-time			12	1.275	-
Infants (up to 18 months) One-half-time			28	0.935	
FCCH Infants (up to 18 months) Full-time-plus				1.652	3
FCCH Infants (up to 18 months) Full-time			-	1.400	9
FCCH Infants (up to 18 months) Three-quarters-time			¥	1.050	:-
FCCH Infants (up to 18 months) One-half-time			¥	0.770	
Toddlers (18 up to 36 months) Full-time-plus			=	1.652	35
Toddlers (18 up to 36 months) Full-time-plus	850		850	1.400	1,190.00
Toddlers (18 up to 36 months) Three-quarters-time			-	1.050) = 1
Toddlers (18 up to 36 months) One-half-time			34).	0.770	
Three Years and Older Full-time-plus			:•):	1.180	•
Three Years and Older Full-time-plus			.30	1.000	3 ≥ 0
Three Years and Older Three-quarters-time			· 😅	0.750	0.00
Three Years and Older One-half-time				0.550	UME:

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS A U D 9500 Page 5 of 10 (09/18) Fiscal Year Ending June 30, 2018

Contract Number CCTR# 7216

Vendor Code 37-B801-00-5

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Exceptional Needs Full-time-plus	- A.MA			1.416	7#6
Exceptional Needs Full-time			-	1.200	-
Exceptional Needs Three-quarters-time			:=:	0.900	5
Exceptional Needs One-half-time			15	0.660	Ē
Limited and Non-English Proficient Full-time-plus) .3	1.298	-
Limited and Non-English Proficient Full-time			2	1.100	
Limited and Non-English Proficient Three-quarters-time			-	0.825	
Limited and Non-English Proficient One-half-time			-	0.605	27
At Risk of Abuse or Neglect Full-time-plus				1.298	3 0
At Risk of Abuse or Neglect Full-time				1.100	;•:
At Risk of Abuse or Neglect Three-quarters-time			-	0.825	(=)
At Risk of Abuse or Neglect One-half-time				0.605	

CALIFORNIA DEPARTMENT OF EDUCATION
AUDITED ATTENDANCE AND FISCAL REPORT FOR
CHILD DEVELOPMENT PROGRAMS
A U D 9500 Page 6 of 10 (09/18)

Fiscal Year Ending June 30, 2018

Contract Number CCTR# 7216

Vendor Code 37-B801-00-5

Section 2 - Days of Enrollment Non-Certified Children	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Severely Disabled Full-time-plus				1.770	
Severely Disabled Full-time				1.500	
Severely Disabled Three-quarters-time				1.125	
Severely Disabled One-half-time				0.825	

Section II - Days of Enrollment Non-Certified Children	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative FY Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT	850	(4)	850	N/A	1,190.00

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS A U D 9500 Page 7 of 10 (09/18)

Fiscal Year Ending June 30, 2018 Contract Number Vendor Code

CCTR# 7216 37-B801-00-5

Section 3 - Revenue	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	74,285		74,285
Restricted Income - County Maintenance of Effort (EC Section 8279)			(#1)
Restricted Income - Other:			(Q)
Restricted Income - Subtotal	74,285	¥	74,285
Transfer from Reserve	121,201		121,201
Family Fees for Certified Children	21,718		21,718
Interest Earned on Child Development Apportionment Payments			NE:
Unrestricted Income: Fees for Non-Certified Children			
Unrestricted Income: Head Start			٤
Unrestricted Income - Other:			
Total Revenue	217,204	•	217,204

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS A U D 9500 Page 8 of 10 (09/18)

Budget Impasse Credit

Indirect Costs (Include in Administrative Cost)

Total Administrative Cost (included in section 4)

Non-Reimbursable (State Use Only)

Fiscal Year Ending June 30, 2018 Contract Number Vendor Code

143,568

1,653,541

162,883

CCTR# 7216 37-B801-00-5

143,568

1,653,541

162,883

Full Name of Contractor Neighborhood House Association Column C Column B Column A Cumulative Audit Cumulative Section 4 - Reimbursable Expenses Per Audit **CDNFS 9500** Adjustments Direct Payments to Providers (FCCH only) 642,889 642,889 1000 Certificated Salaries 398,791 398,791 2000 Classified Salaries 365,372 365,372 3000 Employee Benefits 3,306 3,306 4000 Books and Supplies 99,615 99,615 5000 Services and Other Operating Expenses 6100/6200 Other Approved Capital Outlay 6400 New Equipment (program-related) 6500 Equipment Replacement (program-related) Depreciation or Use Allowance Start-up Expenses (service level exemption)

Approved Indirect Cost Rate: 10% Comments: No Supplemental Revenue check this box and omit Page 8.

Total Reimbursable Expenses

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS A U D 9500 Page 9 of 10 (09/18)

Fiscal Year Ending June 30, 2018 Contract Number Vendor Code

CCTR# 7216 37-B801-00-5

2,350

2,350

ne of Contractor Neighborhood House Association	Column A	Column B	Column
Section 5 - Supplemental Revenue	Cumulative	Audit	Cumula
Section 5 - Supplemental Revenue	CDNFS 9500	Adjustments	Per Au
Enhancement Funding			
Other: Head Start	2,350		2
Other:			
Total Supplemental Revenue	2,350		2
	Column A	Column B	Column
Section 6 - Supplemental Expenses	Cumulative	Audit	Cumula
	CDNFS 9500 Adjustments	Per Au	
1000 Certified Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses	2,350		2
6000 Equipment/Capital Outlay	-		
Depreciation or Use Allowance			
Indirect Costs			
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			

Total Supplemental Expenses

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS A U D 9500 Page 10 of 10 (09/18)

Fiscal Year Ending June 30, 2018 Contract Number Vendor Code

CCTR# 7216 37-B801-00-5

e of Contractor Neighborhood House Association					
Section 7 - Summary	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit		
Total Certified Days of Enrollment	22,896	*	22,896		
Days of Operation	245	*	245		
Days of Attendance	22,807		22,807	Total Certified Adjusted Days of	30,540.2
Fotal Non-Certified Days of Enrollment	850	•	850	Enrollment	30,040.2
Restricted Program Income	74,285	8	74,285		
Transfer from Reserve	121,201	2	121,201	Total Non-Certified Adjusted Days of	1,190.0
Family Fees for Certified Children	21,718	+	21,718	Enrollment	1,100
nterest Earned on Apportionment Payments	*	-			
Direct Payment to Providers					
Start-up Expenses (service level exemption)			<i>(</i> ,₽		
Total Reimbursable Expenses	1,653,541	-	1,653,541		
Total Administrative Cost	162,883	*	162,883	l)	

Independent Auditor's Assurances on Agency's Compliance with the Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Learning and Care Division (formerly Early Education and Support Division):

Eligibility, enrollment and attendance re	cords are being maintained	as required	(check '	YES or NO):
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Νo

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

ALIFORNIA DEPARTMENT OF EDUCATION	Fiscal Year End	June 30, 2018	
UDITED RESERVE ACCOUNT ACTIVITY REPORT UD 9530-A Page 1 of 1 (11/18)	Reserve Account Type	Center-Based	
	Vendor Code	37B80	1
Full Name of Contractor:	Neighborho	od House Association	
, an italia si sainaata	10	***************************************	
Prior Year - Reserve Account Activity			Per 2016-17 AUD 9530-A
I. Beginning Balance (2016-17 Ending Balance)	@(ev.1/av800:0 = 0 X 1)	A CONTRACTOR OF THE PARTY OF TH	267,594
2. Plus Transfers to Reserve Account:			Per CDNFS 9530
Contract No.			
Contract No.			
Contract No.			
Contract No.	Children Children en	NO DE L'ANDRE DE L'AND	
Sontract No.			
Contract No.			
Total Transferred from PY Contracts to Reserve		0.35	
3, Less Excess Reserve to be Billed	TARREST PROFESSION TO THE		267,594
4. Ending Balance on PY Post-Audit CDNFS 9530	C. L. A. Davi	Onlyman D. Avedit	Column C Pe
Current Year - Reserve Account Activity	Column A Per CDNFS 9530-A	Column B Audit Adjustments	Audit
5. Plus Interest Earned This Year On Reserve Funds	338		338
3.Less Transfers to Contracts from Reserve Account:	3127 (00/5)		LOSSE BOY
CSPP General - Contract No.7473	63,548		63,548
CSPP General - Contract No.			
CSPP Professional Development Contract No.			
CSPP Professional Development Contract No.			
Subtotal CSPP Transfers	63,548		63,548
Other Contract No CCTR 7216	121,201		121,201
Other Contract No.			
Other Contract No.			
Other Contract No.			J
Other Contract No.			
Subtotal Other Contract Transfers	121,201		121,201
Total Transferred to Contracts from Reserve Account	184,749		184,749
7. Ending Balance on June 30, 2018	83,183		83,183

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