

Neighborhood House Association

**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

Neighborhood House Association

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 <i>Government Auditing Standards</i>	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

In 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

Neighborhood House Association

Statements of Financial Position June 30, 2018 and 2017

Assets

	<u>2018</u>	<u>2017</u>
Current assets		
Cash and cash equivalents (Note 13)	\$ 6,213,354	\$ 5,327,525
Restricted cash	33,750	88,476
Investments (Notes 2 and 15)	186,833	103,090
Grants and contracts receivable (Note 3)	2,385,439	2,115,167
Operating advances	-	23,283
Other accounts receivable	796,260	761,366
Prepaid expenses	147,085	138,968
Total current assets	<u>9,762,721</u>	<u>8,557,875</u>
Property and equipment (Note 4)		
Property and equipment	20,431,317	20,336,823
Less accumulated depreciation and amortization	<u>(15,667,666)</u>	<u>(15,952,316)</u>
Total property and equipment, net	4,763,651	4,384,507
Deposits	<u>89,731</u>	<u>89,731</u>
Total assets	<u><u>\$ 14,616,103</u></u>	<u><u>\$ 13,032,113</u></u>

Liabilities and Net Assets

Current liabilities		
Accrued payroll and related liabilities	\$ 934,685	\$ 892,493
Accounts payable and accrued expenses	4,642,365	3,213,750
Accrued annual leave (Note 5)	2,622,565	2,475,732
Current portion of long-term debt (Note 6)	<u>78,952</u>	<u>61,846</u>
Total current liabilities	8,278,567	6,643,821
Deferred rent	171,801	187,815
Long-term debt, net (Note 6)	<u>2,316,579</u>	<u>2,411,459</u>
Total liabilities	<u>10,766,947</u>	<u>9,243,095</u>
Commitments and contingencies (Notes 8 and 9)		
Net assets		
Unrestricted	3,815,406	3,700,542
Temporarily restricted (Note 7)	<u>33,750</u>	<u>88,476</u>
Total net assets	<u>3,849,156</u>	<u>3,789,018</u>
Total liabilities and net assets	<u><u>\$ 14,616,103</u></u>	<u><u>\$ 13,032,113</u></u>

See Notes to Financial Statements.

Neighborhood House Association

Statements of Activities Years Ended June 30, 2018 and 2017

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

See Notes to Financial Statements.

Neighborhood House Association

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

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 60,138	\$ (488,241)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	492,751	541,313
Restricted contributions	-	(88,476)
Deferred rent	(16,014)	3,358
Gain on disposal of equipment	350	-
Changes in operating assets and liabilities		
Grants and contracts receivable	(270,272)	(109,243)
Other accounts receivable	(34,894)	(102,933)
Prepaid expenses and deposits	(8,117)	179,728
Operating advances	23,283	(23,283)
Accounts payable and accrued expenses	1,344,872	1,247,727
Accrued payroll and related liabilities	42,192	295,193
Accrued annual leave	146,833	26,005
	<u>1,781,122</u>	<u>1,481,148</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Release of restricted cash	54,726	-
Purchases of property and equipment	(872,245)	(203,975)
	<u>(817,519)</u>	<u>(203,975)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from debt	-	440,000
Repayments on debt	(77,774)	(74,738)
	<u>(77,774)</u>	<u>365,262</u>
Net cash provided by (used in) financing activities		
Net increase in cash and cash equivalents	885,829	1,642,435
Cash and cash equivalents, beginning	5,327,525	3,685,090
Cash and cash equivalents, end	<u>\$ 6,213,354</u>	<u>\$ 5,327,525</u>
Supplemental disclosures of cash flow data		
Cash paid for interest	<u>\$ 107,049</u>	<u>\$ 110,085</u>

See Notes to Financial Statements.

Neighborhood House Association
Statement of Functional Expenses
Year Ended June 30, 2018
(With summarized financial information for 2017)

	Program services				Supporting services		Total expenses	
	Childcare programs	Health and nutrition programs	Youth and other services	Total	Fundraising	Management and general	2018	2017
Salaries	\$ 23,991,922	\$ 2,675,409	\$ 198,526	\$ 26,865,857	\$ -	\$ 4,096,268	\$ 30,962,125	\$ 29,520,495
Fringe benefits	7,805,099	754,366	41,048	8,600,513	-	919,885	9,520,398	9,321,810
Contracted services	1,496,921	317,015	357,473	2,171,409	3,299	965,208	3,139,916	2,767,197
Supplies	1,959,731	70,458	17,179	2,047,368	43,900	64,586	2,155,854	1,873,535
Telephone and pagers	322,011	53,806	4,122	379,939	-	81,227	461,166	305,252
Postage	8,094	1,494	1,267	10,855	34	8,390	19,279	30,696
Occupancy and storage	3,538,242	342,549	84,916	3,965,707	-	97,684	4,063,391	3,034,613
Utilities	392,213	39,683	-	431,896	-	52,560	484,456	475,989
Printing, publications and advertising	12,772	7,128	1,057	20,957	2,550	15,557	39,064	49,438
Travel and meetings	770,284	46,059	81,140	897,483	-	200,828	1,098,311	1,062,382
Subcontracts (Note 16)	39,250,853	-	-	39,250,853	-	-	39,250,853	36,468,653
Food expense	1,410,001	114,195	12,551	1,536,747	3,023	11,027	1,550,797	1,307,174
Client assistance	53,994	176,334	21,311	251,639	-	5,063	256,702	256,364
Equipment expense	1,601,366	73,326	4,224	1,678,916	-	142,614	1,821,530	1,252,623
Depreciation and amortization	167,613	-	-	167,613	-	325,487	493,100	541,313
Insurance	351,609	29,074	1,932	382,615	-	117,984	500,599	522,184
Interest and fees	107,777	7,581	10,200	125,558	-	40,278	165,836	154,114
Other expenses	229,028	(1,106)	58,397	286,319	1,033	87,974	375,326	317,995
Indirect cost	5,941,284	519,836	17,232	6,478,352	-	(6,478,352)	-	-
Subtotal	89,410,814	5,227,207	912,575	95,550,596	53,839	754,268	96,358,703	89,261,827
Less: indirect allocation	(5,941,284)	(519,836)	(17,232)	(6,478,352)	-	6,478,352	-	-
Total expenses by function	<u>\$ 83,469,530</u>	<u>\$ 4,707,371</u>	<u>\$ 895,343</u>	<u>\$ 89,072,244</u>	<u>\$ 53,839</u>	<u>\$ 7,232,620</u>	<u>\$ 96,358,703</u>	<u>\$ 89,261,827</u>

See Notes to Financial Statements.

Neighborhood House Association

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.

Neighborhood House Association

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	15-30 years
Building improvements	3-10 years
Leasehold improvements	3-15 years
Vehicles	5 years
Furniture and equipment	3-5 years
Computer equipment	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.

Neighborhood House Association

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.

Neighborhood House Association

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	\$ 374,552	\$ 620,437
State programs	827,513	227,342
County programs	787,422	894,477
Food reimbursements	395,952	370,312
Other programs	-	2,599
Total	<u>\$ 2,385,439</u>	<u>\$ 2,115,167</u>

Note 4 - Property and equipment

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

	Cost	Accumulated depreciation and amortization	Net book value
Land	\$ 1,215,004	\$ -	\$ 1,215,004
Building	4,871,603	3,067,157	1,804,446
Building improvements	615,267	611,238	4,029
Leasehold improvements	8,085,942	6,515,685	1,570,257
Vehicles	1,785,549	1,736,363	49,186
Furniture and equipment	3,568,835	3,448,106	120,729
Computer equipment	289,117	289,117	-
Construction in progress	-	-	-
	<u>\$ 20,431,317</u>	<u>\$ 15,667,666</u>	<u>\$ 4,763,651</u>

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

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

Neighborhood House Association

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:

	<u>2018</u>	<u>2017</u>
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.	 <u>440,000</u>	 <u>440,000</u>
	2,395,531	2,473,305
Less current portion	<u>(78,952)</u>	<u>(61,846)</u>
Long-term portion	<u>\$ 2,316,579</u>	<u>\$ 2,411,459</u>

Neighborhood House Association

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
2020	103,920
2021	124,046
2022	130,330
2023	136,935
Thereafter	<u>1,821,348</u>
Total	<u>\$ 2,395,531</u>

Note 7 - Temporarily restricted net assets

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

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

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:

2019	\$ 2,000,540
2020	1,596,810
2021	1,033,087
2022	834,968
2023	592,669
Thereafter	<u>1,234,454</u>
Total	<u>\$ 7,292,528</u>

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.

Neighborhood House Association

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

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:

	Provisional 2018	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.

Neighborhood House Association

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	\$ -	\$ -	\$ 186,833
Total assets at fair value	<u>\$ 186,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,833</u>

Neighborhood House Association

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:

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

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:

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

Supplementary Information

Neighborhood House Association

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

Federal grantor / pass-through grantor / program title or cluster	Federal CFDA number	Pass-through entity identifying number	Passed through to subrecipients	Award Amount			Expenditures	
				Federal	State	Total	Federal	State
U.S. Department of Health and Human Services								
Head Start Program 09CH911804	93.600						538,547	
Head Start Program 09CH911805	93.600		\$ 39,250,853	\$ 80,908,780	\$ -	\$ 80,908,780	\$ 78,208,969	\$ -
Total Head Start Program			39,250,853	80,908,780	-	80,908,780	78,747,516	-
Passed through from the County of San Diego:								
Aging Cluster:								
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	547780	-	18,407	-	18,407	18,407	-
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	547780	-	54,453	-	54,453	54,453	-
Nutrition Services Incentive Program	93.053	547780	-	9,450	-	9,450	9,450	-
Total Aging Cluster			-	82,310	-	82,310	82,310	-
Passed through from the County of San Diego:								
HIV Emergency Relief Project Grants (Case Management) (1)	93.914	537490	-	483,414	-	483,414	323,200	-
HIV Emergency Relief Project Grants (Case Management) (2)	93.914	537490	-	187,083	-	187,083	147,091	-
Total for HIV Emergency Relief Project Grants			-	670,497	-	670,497	470,291	-
Passed through California State Department of Education:								
Child Care and Development Fund (CCDF) Cluster:								
Child Care Mandatory and Matching Funds of the CCDF	93.596	CCTR-7216	-	346,031	-	346,031	346,031	-
Child Care Mandatory and Matching Funds of the CCDF	93.596	CSPP-7473	-	-	-	-	-	-
Total for Child Care Mandatory and Matching Funds of the CCDF			-	346,031	-	346,031	346,031	-
Child Care and Development Block Grant	93.575	CCTR-7216	-	159,008	-	159,008	159,008	-
Child Care and Development Block Grant	93.575	CSPP-7473	-	-	-	-	-	-
Total for Child Care and Development Block Grant			-	159,008	-	159,008	159,008	-
Total CCDF Cluster			-	505,039	-	505,039	505,039	-
Child Development Program	93.U00	CCTR-7216	-	-	1,396,093	1,396,093	-	1,508,939
Child Development Program	93.U01	CSPP-7473	-	-	4,636,652	4,636,652	-	4,695,906
Total for Child Development Program			-	-	6,032,745	6,032,745	-	6,204,845
Medicaid Cluster:								
Medical Assistance Program (Medicaid - Title XIX)	93.778	551031	-	59,218	-	59,218	59,218	158,505
Medical Assistance Program (Medicaid - Title XIX)	93.778	557159	-	118,436	-	118,436	118,436	-
Total Medicaid Cluster			-	177,654	-	177,654	177,654	158,505
Maternal and Child Health Services Block Grant to the States	93.994	551031	-	53,091	-	53,091	53,091	-
Maternal and Child Health Services Block Grant to the States	93.994	557159	-	106,182	-	106,182	106,182	140,561
Total Maternal and Child Health Services Block Grant to the States			-	159,273	-	159,273	159,273	140,561
Total U.S. Department of Health and Human Services			39,250,853	82,503,553	6,032,745	88,536,298	80,142,083	6,503,911
U.S. Department of Agriculture								
Passed through from the State Department of Education:								
Child and Adult Care Food Program:								
Child Care Centers	10.558	04500-CACFP-37-NP-CS	-	1,325,592	-	1,325,592	1,325,592	-
Adult Day Care Centers	10.558	04500-CACFP-37-NP-CS	-	54,464	-	54,464	54,464	-
Total U.S. Department of Agriculture			-	1,380,056	-	1,380,056	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 Markets	14.U00	KYHC/CalHFA MAC-N181/13	-	75,000	-	75,000	2,900	-
Total Department of Housing and Urban Development			-	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

Notes:

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

Neighborhood House Association

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	\$ 78,208,969
Add: obligations liquidated after June 30, 2018	1,854,838
Extension to the Liquidation Period for 09CH9118/PY05	844,973
Total Head Start expenses reported on the SF-425	<u>\$ 80,908,780</u>

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.

CohnReznick LLP

San Diego, California
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

Neighborhood House Association

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

Part I - Summary of Auditor's Results

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:

Material weaknesses identified?

_____yes X no

Significant deficiencies identified?

_____yes X none reported

Noncompliance material to financial statements noted?

_____yes X no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____yes X no

Significant deficiencies identified?

_____yes X none reported

Type of auditor's report issued on compliance for major programs:

unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)

_____yes X no

Identification of the major programs tested:

CFDA/Award Number

Name of Federal/State Program

93.600

Head Start Program

Dollar threshold used to distinguish between type A and type B programs:

\$2,445,751

Auditee qualified as low-risk auditee?

 X yes _____no

Neighborhood House Association
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.

Supplementary Information

Neighborhood House Association
Combined Statement of Financial Position
June 30, 2018

	Combined General Child Care Program CCTR 7216 and State Preschool CSPP 7473
Cash and cash equivalents	\$ (433,441)
Grants and contracts receivable	824,079
Prepaid expenses	1,529
Total assets	<u>\$ 392,167</u>
Bank overdrafts	\$ -
Accounts payable	2,611
Accrued payroll and benefits	(1,768)
Accrued annual leave	308,141
CDE reserve funds	83,183
Total liabilities	<u>392,167</u>
Net assets from operations	-
Equity in property and equipment	-
Transfers to distribution fund	-
Total net assets	<u>-</u>
Total liabilities and net assets	<u>\$ 392,167</u>

Neighborhood House Association

Combining Statement of Activities Year Ended June 30, 2018

	General Child Care Program CCTR 7216	State Preschool Program CSPP 7473	Total CDE contracts	Other non-CDE programs	Total
Grants, contracts, contributions and other	\$ 1,366,020	\$ 4,632,358	\$ 5,998,378	\$ 88,737,938	\$ 94,736,316
Service fees	21,718	-	21,718	875,790	897,508
Reserve Fund	121,201	63,548	184,749	-	184,749
Restricted income	74,285	525,983	600,268	-	600,268
Total revenues	<u>1,583,224</u>	<u>5,221,889</u>	<u>6,805,113</u>	<u>89,613,728</u>	<u>96,418,841</u>
Salaries	1,041,680	3,435,587	4,477,267	26,484,858	30,962,125
Fringe benefits	365,372	1,204,142	1,569,514	7,950,884	9,520,398
Contracted services	-	-	-	3,139,916	3,139,916
Supplies	3,306	1,821	5,127	2,150,727	2,155,854
Telephone and pagers	-	-	-	461,166	461,166
Postage	-	-	-	19,279	19,279
Occupancy and storage	-	-	-	4,063,391	4,063,391
Utilities	-	-	-	484,456	484,456
Printing, publications and advertising	-	-	-	39,064	39,064
Travel and meetings	-	-	-	1,098,311	1,098,311
Food expense	-	-	-	1,550,797	1,550,797
Equipment purchases and repairs	-	-	-	1,821,530	1,821,530
Insurance	-	-	-	500,599	500,599
Other expenses	99,615	595,952	695,567	39,846,250	40,541,817
Indirect costs	143,568	464,189	607,757	(607,757)	-
Total expenses	<u>1,653,541</u>	<u>5,701,691</u>	<u>7,355,232</u>	<u>89,003,471</u>	<u>96,358,703</u>
Increase (decrease) in net assets	(70,317)	(479,802)	(550,119)	610,257	60,138
Net assets, beginning	-	-	-	3,789,018	3,789,018
Net assets, end	<u>\$ (70,317)</u>	<u>\$ (479,802)</u>	<u>\$ (550,119)</u>	<u>\$ 4,399,275</u>	<u>\$ 3,849,156</u>

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

See Independent Auditor's Report.

Neighborhood House Association

**Combining Schedule of Administrative Expenses
Year Ended June 30, 2018**

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

Neighborhood House Association

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

	General Child Care Program CCTR 7216	State Preschool Program CSPP 7473	Combining total
Unit costs under \$5,000 items	\$ -	\$ -	\$ -
Unit costs over \$5,000 with CDD approval	-	-	-
Unit costs over \$5,000 without CDD approval	-	-	-
Total equipment expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Neighborhood House Association

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

	General Child Care Program CCTR 7216	State Preschool Program CSPP 7473	Combining total
Unit costs under \$10,000 items	\$ -	\$ -	\$ -
Unit costs over \$10,000 with CDD approval	-	-	-
Unit costs over \$10,000 without CDD approval	-	-	-
Total renovation and repair expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Neighborhood House Association

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	-	-	-
Expenses not otherwise classified	-	-	-
Start-up Expenses	-	-	-
Capital Outlay Revolving Fund	-	-	-
Repayment	-	-	-
Indirect Costs	<u>143,568</u>	<u>464,189</u>	<u>607,757</u>
Total Reimbursable Expenses	1,653,541	5,701,691	7,355,232
Non-Reimbursable Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Reimbursable and Non-Reimbursable Expenses	<u><u>\$ 1,653,541</u></u>	<u><u>\$ 5,701,691</u></u>	<u><u>\$ 7,355,232</u></u>

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

See Independent Auditor's Report.

Neighborhood House Association

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

Full Name of Contractor Neighborhood House Association

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			-	1.0000	-
Three and Four Year Olds Three-quarters-time			-	0.7500	-
Three and Four Year Olds One-half-time	163,568		163,568	0.6193	101,297.6624
Exceptional Needs Full-time-plus			-	1.4160	-
Exceptional Needs Full-time			-	1.2000	-
Exceptional Needs Three-quarters-time			-	0.9000	-
Exceptional Needs One-half-time			-	0.6193	-
Limited and Non-English Proficient Full-time-plus			-	1.2980	-
Limited and Non-English Proficient Full-time			-	1.1000	-
Limited and Non-English Proficient Three-quarters-time			-	0.8250	-
Limited and Non-English Proficient One-half-time			-	0.6193	-

See Independent Auditor's Report.

Neighborhood House Association

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

Full Name of Contractor: Neighborhood House Association

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			-	1.2980	-
At Risk of Abuse or Neglect Full-time			-	1.1000	-
At Risk of Abuse or Neglect Three-quarters-time			-	0.8250	-
At Risk of Abuse or Neglect One-half-time			-	0.6193	-
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 DAYS OF ENROLLMENT	163,568	-	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.

See Independent Auditor's Report.

Neighborhood House Association

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

Fiscal Year Ending	June 30, 2018
Contract Number	CSPP# 7473
Vendor Code	37-B81-00-5

Full Name of Contractor Neighborhood House Association

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			-	1.6520	-
Toddlers (18 up to 36 months) Full-time			-	1.4000	-
Toddlers (18 up to 36 months) Three-quarters-time			-	1.0500	-
Toddlers (18 up to 36 months) One-half-time			-	0.7700	-
Three and Four Year Olds Full-time-plus			-	1.1800	-
Three and Four Year Olds Full-time			-	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			-	1.4160	-
Exceptional Needs Full-time			-	1.2000	-
Exceptional Needs Three-quarters-time			-	0.9000	-

See Independent Auditor's Report.

Neighborhood House Association

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

Full Name of Contractor Neighborhood House Association

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	-
Limited and Non-English Proficient Three-quarters-time			-	0.8250	-
Limited and Non-English Proficient One-half-time			-	0.6193	-
At Risk of Abuse or Neglect Full-time-plus			-	1.2980	-
At Risk of Abuse or Neglect Full-time			-	1.1000	-
At Risk of Abuse or Neglect Three-quarters-time			-	0.8250	-

See Independent Auditor's Report.

Neighborhood House Association

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

Full Name of Contractor Neighborhood House Association

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

See Independent Auditor's Report.

Neighborhood House Association

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	CSPP# 7473
Vendor Code	37-B81-00-5

Full Name of Contractor Neighborhood House Association

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)			-
Restricted Income - Other:			-
Restricted Income - Subtotal	525,983	-	525,983
Transfer from Reserve General	63,548		63,548
Transfer from Reserve Professional Development			-
Transfer from Reserve Total	63,548	-	63,548
Family Fees for Certified Children			-
Interest Earned on Child Development Apportionment Payments			-
Unrestricted Income: Fees for Non-Certified Children			-
Unrestricted Income: Head Start			-
Unrestricted Income - Other:			-
Total Revenue	589,531	-	589,531

See Independent Auditor's Report.

Neighborhood House Association

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

Fiscal Year Ending	June 30, 2018
Contract Number	CSPP# 7473
Vendor Code	37-B81-00-5

Full Name of Contractor Neighborhood House Association

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			-
1000 Certificated Salaries	2,206,508		2,206,508
2000 Classified Salaries	1,229,079		1,229,079
3000 Employee Benefits	1,204,142		1,204,142
4000 Books and Supplies	1,821		1,821
5000 Services and Other Operating Expenses	595,952		595,952
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)			-
Budget Impasse Credit			-
Indirect Costs (Include in Administrative Cost)	464,189		464,189
Non-Reimbursable (State Use Only)			-
Total Reimbursable Expenses	5,701,691	-	5,701,691
Total Administrative Cost (included in section 4 above)	533,816		533,816

Approved Indirect Cost Rate: 10%

Comments:

☐ No Supplemental Revenue check this box and omit Page 8.

See Independent Auditor's Report.

Neighborhood House Association

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	CSPP# 7473
Vendor Code	37-B81-00-5

Full Name of Contractor Neighborhood House Association

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:			-
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			-
2000 Classified Salaries			-
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			-

See Independent Auditor's Report.

Neighborhood House Association

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	-	178
Days of Attendance	162,843	-	162,843
Total Non-Certified Days of Enrollment	14,939	-	14,939
Restricted Program Income	525,983	-	525,983
Transfer from Reserve	63,548	-	63,548
Family Fees for Certified Children	-	-	-
Interest Earned on Apportionment Payments	-	-	-
Direct Payment to Providers	-	-	-
Start-up Expenses (service level exemption)	-	-	-
Total Reimbursable Expenses	5,701,691	-	5,701,691
Total Administrative Cost	533,816	-	533,816

Total Certified
Adjusted Days of
Enrollment

101,297.6624

Total 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):

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

☒ Yes
☐ No

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

☒ Yes
☐ No

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

See Independent Auditor's Report.

Neighborhood House Association

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE

Fiscal Year Ending June 30, 2018

AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS

Contract Number CCTR# 7216

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

Vendor Code 37-B801-00-5

Full Name of Contractor Neighborhood House Association

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			-	2.006	-
Infants (up to 18 months) Full-time			-	1.700	-
Infants (up to 18 months) Three-quarters-time			-	1.275	-
Infants (up to 18 months) One-half-time			-	0.935	-
FCCH Infants (up to 18 months) Full-time-plus			-	1.652	-
FCCH Infants (up to 18 months) Full-time			-	1.400	-
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	-
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	-
Three Years and Older Full-time-plus			-	1.000	-
Three Years and Older Three-quarters-time			-	0.750	-
Three Years and Older One-half-time			-	0.550	-

See Independent Auditor's Report.

Neighborhood House Association

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

Full Name of Contractor Neighborhood House Association

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			-	1.416	-
Exceptional Needs Full-time			-	1.200	-
Exceptional Needs Three-quarters-time			-	0.900	-
Exceptional Needs One-half-time			-	0.660	-
Limited and Non-English Proficient Full-time-plus			-	1.298	-
Limited and Non-English Proficient Full-time			-	1.100	-
Limited and Non-English Proficient Three-quarters-time			-	0.825	-
Limited and Non-English Proficient One-half-time			-	0.605	-
At Risk of Abuse or Neglect Full-time-plus			-	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	-

See Independent Auditor's Report.

Neighborhood House Association

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

Full Name of Contractor Neighborhood House Association

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
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 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
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.

See Independent Auditor's Report.

Neighborhood House Association

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

Full Name of Contractor	Neighborhood House Association
-------------------------	--------------------------------

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	-
Infants (up to 18 months) Full-time			-	1.700	-
Infants (up to 18 months) Three-quarters-time			-	1.275	-
Infants (up to 18 months) One-half-time			-	0.935	-
FCCH Infants (up to 18 months) Full-time-plus			-	1.652	-
FCCH Infants (up to 18 months) Full-time			-	1.400	-
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	-
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	-
Toddlers (18 up to 36 months) One-half-time			-	0.770	-
Three Years and Older Full-time-plus			-	1.180	-
Three Years and Older Full-time-plus			-	1.000	-
Three Years and Older Three-quarters-time			-	0.750	-
Three Years and Older One-half-time			-	0.550	-

See Independent Auditor's Report.

Neighborhood House Association

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

Full Name of Contractor Neighborhood House Association

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			-	1.416	-
Exceptional Needs Full-time			-	1.200	-
Exceptional Needs Three-quarters-time			-	0.900	-
Exceptional Needs One-half-time			-	0.660	-
Limited and Non-English Proficient Full-time-plus			-	1.298	-
Limited and Non-English Proficient Full-time			-	1.100	-
Limited and Non-English Proficient Three-quarters-time			-	0.825	-
Limited and Non-English Proficient One-half-time			-	0.605	-
At Risk of Abuse or Neglect Full-time-plus			-	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	-

See Independent Auditor's Report.

Neighborhood House Association

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

Full Name of Contractor Neighborhood House Association

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	-	850	N/A	1,190.00

See Independent Auditor's Report.

Neighborhood House Association

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	CCTR# 7216
Vendor Code	37-B801-00-5

Full Name of Contractor Neighborhood House Association

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)			-
Restricted Income - Other:			-
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			-
Unrestricted Income: Fees for Non-Certified Children			-
Unrestricted Income: Head Start			-
Unrestricted Income - Other:			-
Total Revenue	217,204	-	217,204

See Independent Auditor's Report.

Neighborhood House Association

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

Fiscal Year Ending	June 30, 2018
Contract Number	CCTR# 7216
Vendor Code	37-B801-00-5

Full Name of Contractor Neighborhood House Association

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			-
1000 Certificated Salaries	642,889		642,889
2000 Classified Salaries	398,791		398,791
3000 Employee Benefits	365,372		365,372
4000 Books and Supplies	3,306		3,306
5000 Services and Other Operating Expenses	99,615		99,615
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)			-
Budget Impasse Credit			-
Indirect Costs (Include in Administrative Cost)	143,568		143,568
Non-Reimbursable (State Use Only)			-
Total Reimbursable Expenses	1,653,541	-	1,653,541
Total Administrative Cost (included in section 4)	162,883		162,883

Approved Indirect Cost Rate: 10%

Comments:

☐ No Supplemental Revenue check this box and omit Page 8.

See Independent Auditor's Report.

Neighborhood House Association

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	CCTR# 7216
Vendor Code	37-B801-00-5

Full Name of Contractor Neighborhood House Association

Section 5 - Supplemental Revenue	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
Enhancement Funding			-
Other: Head Start	2,350		2,350
Other:			-
Total Supplemental Revenue	2,350	-	2,350

Section 6 - Supplemental Expenses	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certified Salaries			-
2000 Classified Salaries			-
3000 Employee Benefits			-
4000 Books and Supplies			-
5000 Services and Other Operating Expenses	2,350		2,350
6000 Equipment/Capital Outlay			-
Depreciation or Use Allowance			-
Indirect Costs			-
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			-
Total Supplemental Expenses	2,350	-	2,350

See Independent Auditor's Report.

Neighborhood House Association

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	CCTR# 7216
Vendor Code	37-B801-00-5

Full Name 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 Non-Certified Days of Enrollment	850	-	850
Restricted Program Income	74,285	-	74,285
Transfer from Reserve	121,201	-	121,201
Family Fees for Certified Children	21,718	-	21,718
Interest Earned on Apportionment Payments	-	-	-
Direct Payment to Providers	-	-	-
Start-up Expenses (service level exemption)	-	-	-
Total Reimbursable Expenses	1,653,541	-	1,653,541
Total Administrative Cost	162,883	-	162,883

Total Certified Adjusted Days of Enrollment	30,540.25
---	-----------

Total Non-Certified Adjusted Days of Enrollment	1,190.00
---	----------

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 records are being maintained as required (check YES or NO):

☒ Yes
☐ No

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

☒ Yes
☐ No

See Independent Auditor's Report.

Neighborhood House Association

CALIFORNIA DEPARTMENT OF EDUCATION

Fiscal Year End

June 30, 2018

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Reserve Account Type

Center-Based

A U D 9530-A Page 1 of 1 (11/18)

Vendor Code

37B801

Full Name of Contractor:

Neighborhood House Association

Prior Year - Reserve Account Activity			Per 2016-17 AUD 9530-A
1. Beginning Balance (2016-17 Ending Balance)			267,594
2. Plus Transfers to Reserve Account:			Per CDNFS 9530
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Total Transferred from PY Contracts to Reserve			
3. Less Excess Reserve to be Billed			
4. Ending Balance on PY Post-Audit CDNFS 9530			267,594
Current Year - Reserve Account Activity	Column A Per CDNFS 9530-A	Column B Audit Adjustments	Column C Per Audit
5. Plus Interest Earned This Year On Reserve Funds	338		338
6. Less Transfers to Contracts from Reserve Account:			
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.			
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

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

See Independent Auditor's Report.



Independent Member of Nexia International

cohnreznick.com