

**CHILDREN'S NETWORK  
OF SOLANO COUNTY**

Independent Auditor's Reports,  
Financial Statements and  
Supplementary Information

Year Ended June 30, 2020

With summarized comparative financial  
information for the year ended June 30, 2019

**CHILDREN'S NETWORK OF SOLANO COUNTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Auditor's Report .....	1-3
<b>FINANCIAL STATEMENTS:</b>	
Statement of Financial Position.....	4
Statement of Activities .....	5
Statement of Functional Expenses .....	6
Statement of Cash Flows.....	7
Notes to Financial Statements .....	8-17
<b>SUPPLEMENTARY INFORMATION:</b>	
Schedule of Expenditures of Federal and State Awards.....	18
Notes to Schedule of Expenditures of Federal and State Awards.....	19
Combining Statement of Activities.....	20
Schedule of Expenditures by State Categories.....	21
Reconciliation of CDE and GAAP Expense Reporting .....	22
Schedule of Reimbursable Equipment Expenditures.....	23
Schedule of Reimbursable Expenditures for Renovations and Repairs.....	24
Schedule of Reimbursable Administrative Costs.....	25
<b>AUDITED FINAL ATTENDANCE AND FISCAL REPORT FORMS:</b>	
AUD 9529 – CRET 8044.....	26-28
AUD 9529 – CLPC 8047 .....	29-31
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> .....	32-33
Schedule of Findings and Questioned Costs .....	34-35
Summary Schedule of Prior Audit Findings .....	36



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Children's Network of Solano County  
Fairfield, CA

We have audited the accompanying financial statements of Children's Network of Solano County (a nonprofit organization) which comprises the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 positions of Children’s Network of Solano County as of June 30, 2020, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary reports on pages 16-29 are required by the California Department of Education and are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### *Change in Accounting Principles*

As described in Note 2 to the financial statements, Children’s Network of Solano County has adopted ASU 2018-08 “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*” as amended. Our opinion is not modified with respect to this matter.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020 on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the Organization’s internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We have previously audited Children's Network of Solano County's 2018-19 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 7, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Fritzsche Associates, Inc.*

Sacramento, CA  
December 8, 2020

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**  
**WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2019**

	2020	2019
<b>Assets</b>		
Cash and equivalents	\$ 181,954	\$ 182,657
Contributions receivable	216,062	136,027
Prepaid expenses	8,024	5,182
Deposits	11,294	3,200
Fixed assets, net	3,066	4,274
Total assets	\$ 420,400	\$ 331,340
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 33,836	\$ 42,378
Accrued expenses	61,295	43,768
Total liabilities	95,131	86,146
Net assets:		
Without donor restrictions	216,488	156,618
With donor restrictions	108,781	88,576
Total net assets	325,269	245,194
Total liabilities and net assets	\$ 420,400	\$ 331,340

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

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

**WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Support and revenue:				
Government grants	\$ 710,741	-	\$ 710,741	\$ 758,973
Program service revenue	301,410	\$ 346,852	648,262	705,487
Special event income	4,100	-	4,100	22,186
Less: Cost of direct benefits to donors	-	-	-	(12,148)
Contributions	56,600	-	56,600	3,172
Investment income	78	-	78	31
Other income	6,999	-	6,999	4,494
Net assets released from restrictions	326,647	(326,647)	-	-
Total support and revenue	<u>1,406,575</u>	<u>20,205</u>	<u>1,426,780</u>	<u>1,482,195</u>
Expenses:				
Program services:				
Child care	159,296	-	159,296	196,022
Family support	819,108	-	819,108	862,039
Council and advocacy	218,345	-	218,345	160,530
Youth program	65,327	-	65,327	154,379
Fiscal sponsorship	6,354	-	6,354	38,489
Total program services	<u>1,268,430</u>	<u>-</u>	<u>1,268,430</u>	<u>1,411,459</u>
Supporting services:				
Management and general	73,818	-	73,818	79,887
Fundraising	4,457	-	4,457	3,826
Total supporting services	<u>78,275</u>	<u>-</u>	<u>78,275</u>	<u>83,713</u>
Total expenses	<u>1,346,705</u>	<u>-</u>	<u>1,346,705</u>	<u>1,495,172</u>
Change in net assets	59,870	20,205	80,075	(12,977)
Net assets, beginning of year	<u>156,618</u>	<u>88,576</u>	<u>245,194</u>	<u>258,171</u>
Net assets, end of year	<u>\$ 216,488</u>	<u>\$ 108,781</u>	<u>\$ 325,269</u>	<u>\$ 245,194</u>

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

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

	Program Services					Supporting Services			2020 Total	2019 Total
	Child Care	Family Support	Council and Advocacy	Youth Program	Fiscal Sponsorship	Total Program Services	Management and General	Fundraising		
Salaries and wages	\$ 41,782	\$ 118,235	\$ 121,733	\$ 37,752	\$ 320	\$ 319,822	\$ 25,287	\$ 970	\$ 346,079	\$ 381,462
Payroll taxes	3,784	9,947	10,593	3,418	25	27,767	1,878	103	29,748	31,636
Employee benefits	4,584	10,230	13,841	2,071	70	30,796	5,782	1,158	37,736	63,618
Subtotal personnel	50,150	138,412	146,167	43,241	415	378,385	32,947	2,231	413,563	476,716
Accounting and audit	-	-	-	-	-	-	22,390	-	22,390	17,058
Advertising	23	39	432	29	-	523	12	-	535	815
Bank charges	-	-	-	-	-	-	168	-	168	91
Conferences and meetings	380	1,260	935	53	-	2,628	117	-	2,745	4,005
Consultants	16,237	6,218	10,950	5,000	-	38,405	-	-	38,405	82,246
Contracts	3,000	326,321	28,700	-	-	358,021	-	-	358,021	310,690
Depreciation	-	-	-	-	-	-	1,208	-	1,208	1,208
Dues and subscriptions	158	24	1,028	5	-	1,215	4	51	1,270	1,449
Equipment maintenance	715	1,062	1,025	386	-	3,188	221	7	3,416	3,215
Information systems	1,850	1,854	1,459	836	-	5,999	302	11	6,312	10,857
Insurance	722	2,026	1,719	530	-	4,997	2,211	2	7,210	5,433
Occupancy	4,681	14,426	8,499	3,343	-	30,949	13,497	45	44,491	39,702
Office supplies	364	637	515	276	-	1,792	128	1	1,921	2,422
Other expenses	-	-	-	-	-	-	-	-	-	170
Outreach	-	-	48	-	-	48	-	-	48	6,431
Postage	65	52	79	11	-	207	8	-	215	621
Printing	31	757	334	525	391	2,038	257	-	2,295	4,192
Program expenses	-	320,951	-	-	3,694	324,645	-	-	324,645	431,859
Stipends and incentives	78,889	-	-	-	-	78,889	-	-	78,889	64,035
Supplies	545	2,352	14,446	10,402	854	28,599	8	1,476	30,083	13,366
Telephone	600	2,123	1,325	546	-	4,594	305	9	4,908	9,810
Training	506	471	344	68	1,000	2,389	35	624	3,048	127
Travel	380	123	340	76	-	919	-	-	919	2,809
<b>Total expenses</b>	<b>\$ 159,296</b>	<b>\$ 819,108</b>	<b>\$ 218,345</b>	<b>\$ 65,327</b>	<b>\$ 6,354</b>	<b>\$ 1,268,430</b>	<b>\$ 73,818</b>	<b>\$ 4,457</b>	<b>\$ 1,346,705</b>	<b>\$ 1,489,327</b>
	11.83%	60.82%	16.21%	4.85%	0.47%	94.19%	5.48%	0.33%	100.00%	

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



**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2020**  
**WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019**

	2020	2019
Cash flows from operating activities:		
Grants and contributions received	\$ 687,306	\$ 880,417
Other cash receipts	659,439	732,198
Payments for salaries, benefits, and payroll taxes	(396,036)	(481,247)
Payments to vendors	(951,412)	(1,088,933)
Net cash provided by (used in) operating activities	(703)	42,435
Net increase (decrease) in cash	(703)	42,435
Cash and equivalents, beginning of year	182,657	140,222
Cash and equivalents, end of year	\$ 181,954	\$ 182,657

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

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 1 – NATURE OF ORGANIZATION**

Children's Network of Solano County, (the Network, we, us, our) was incorporated as a nonprofit corporation in 1982. The Network facilitates partnerships among public and private agencies that serve Solano County families. Our mission and vision are:

Mission: Improving the lives of children in Solano County through education, advocacy, coordination of community services and community-based collaborative groups.

Vision: The children of Solano County will reach adulthood having experienced a safe, healthy and nurturing environment.

We are primarily funded by contracts and grants with federal, state and local government agencies.

Program Descriptions

We identify five broad program areas to direct our resources and activities. We work to educate people in Solano County about the needs of children and to bring together those who can achieve the best outcomes for kids. We conduct and disseminate research, offer training, administer grants, coordinate county agencies, advocate for policy changes at all levels of government, and work to improve the efficiency and effectiveness of county services for children.

Child Care – We provide staff support to the Child Care Planning Council and its programs and activities with the goal of improving accessibility, affordability and quality of childcare countywide. The Child Care Planning Council members are approved by both the Solano County Board of Supervisors and the Solano County Office of Education.

Family Support – We provide support to a network of the county's family resource centers, sites that offer comprehensive family support services in every city in Solano County, providing families with information and referrals, in-home services, parent education, and assistance with social and health emergency needs.

Council Support – We provide staff support to the Solano Children's Alliance and Child Abuse Prevention Council, appointed by the Board of Supervisors. This support includes convening meetings and events to discuss and identify children's needs in the County, seeking funding to meet those needs, and monitoring and advising the Board of Supervisors on the needs of children in Solano County.

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 1 – NATURE OF ORGANIZATION (continued)**

Youth Program – We promote youth leadership and employment in an effort to ensure our County's youth have a platform and are heard, and that they are able to access opportunities that lead to success.

Fiscal Sponsorship – We provide assistance to local organizations that do not have a 501(c)(3) designation, but are helping our communities, families, and children to be successful, by providing them with the administrative infrastructure needed to raise and spend funds for their efforts.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

Our financial statements have been prepared on the accrual basis of accounting. Thus, revenues are reported in the year earned rather than when collected, and expenses are reported in the year incurred rather than when paid.

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, we classify our net assets and changes in net assets as follows:

*Net Assets without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations.

*Net Assets with Donor Restrictions* – Net assets that are subject to donor-imposed stipulations that may or will be met either by our actions and/or the passage of time – OR – net assets to be held in perpetuity as directed by donors, whereas the income from the contributions is available to support activities as designated by donors.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions restricted by a donor are reported as increases in net assets without donor restrictions if those restrictions are met (either by passage of time or by use) in the reporting period in which the contributions are recognized. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted explicitly by a donor or by law.

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Based on historical experience, an assessment of economic conditions, and a review of subsequent collections, we expect all such contributions to be collectible. Accordingly, an allowance for uncollectible contributions has not been established as of June 30, 2020 or June 30, 2019.

Fixed Assets

Acquisitions of fixed assets in excess of \$1,500 are capitalized and stated at cost. Donated fixed assets are reported at fair value at the date of the gift. Property and equipment funded by the California Department of Education are expensed on supplementary reports during the contract period. Depreciation is computed using primarily the straight-line method, which amortizes the cost of assets over their estimated useful lives and may not be claimed for reimbursement under child development contracts for assets purchased with public funds.

Revenue and Revenue Recognition

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of our revenue is derived from cost-reimbursable federal, state, and foundation contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We have received cost-reimbursable grants totaling \$16,279 and \$-0- that have not been recognized as of June 30, 2020 and 2019, respectively, because qualifying expenditures have not yet been incurred. No amounts have been received in advance under our federal and state contracts and grants.

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Functional Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Indirect costs are allocated among programs and supporting services based on personnel, space, and other factors.

Advertising Costs

All advertising costs are expensed as incurred and totaled \$535 and \$815 for the years ended June 30, 2020 and 2019, respectively.

Use of Estimates

In preparing financial statements in conformity with U.S. GAAP, we are required to make estimates and assumptions that affect certain reported amounts and disclosures. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from these estimates under different assumptions or conditions.

Income Tax Status

We are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California code sections. We are considered a public charity and have been classified as an organization that is not a private foundation under IRC Section 170(b)(1)(a)(vi).

Our management has processes presently in place to ensure maintenance of our tax exempt statuses; to identify and report unrelated business income; to determine the filing and tax obligations for which we have nexus; and to identify and evaluate other matters that may be considered tax positions. We have evaluated our tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash and equivalents with financial institutions believed by our management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions are due from government agencies and foundations supportive of our mission.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year financial statement presentation. Any reclassifications made have had no impact on previously reported net assets.

Presentation of Certain Prior Year Information

The statements of activities and functional expenses include certain prior year summarized financial information for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with our financial statements for the year ended June 30, 2019 from which the summarized information was derived.

Adoption of New Accounting Standards

Effective for the year ended June 30, 2020, we adopted ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to clarify and improve the scope and accounting guidance for contributions received and contributions made. It provides assistance to not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance; and (2) determining whether a contribution is conditional.

**CHILDREN'S NETWORK OF SOLANO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 181,954	\$ 182,657
Contributions receivable	<u>216,062</u>	<u>136,027</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 398,016</u>	 <u>\$ 318,684</u>

We maintain a liquid cash balance in checking and money market accounts in an amount necessary to meet our anticipated expenditures for at least the next 60 days. Cash in excess of this may be invested in short-term investments. To help manage unanticipated liquidity needs, we have a committed line of credit in the amount of \$100,000, which we could draw upon if needed.

**NOTE 4 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable are estimated to be collected as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ <u>216,062</u>	\$ <u>136,027</u>
Total contributions receivable	<u>\$ 216,062</u>	<u>\$ 136,027</u>

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 5 – FIXED ASSETS**

Fixed assets consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 22,743	\$ 22,743
Equipment	2,014	2,014
Less: accumulated depreciation	<u>(21,691)</u>	<u>(20,483)</u>
 Total fixed assets	 <u>\$ 3,066</u>	 <u>\$ 4,274</u>

Depreciation expense was \$1,208 and \$1,208 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 6 – LINE OF CREDIT**

We have a \$100,000 revolving line of credit with Bank of the West. Advances on the credit line are payable on demand and carry an interest rate of two percent above the bank's index rate of 7.75%. The line of credit is secured by chattel paper, accounts receivable and equipment. The line of credit expires on October 10, 2021. The Network had no outstanding balance as of June 30, 2020 and 2019. The unused credit line of \$100,000 represents off-balance-sheet risk in that it could be used in subsequent periods.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Subject to purpose restrictions:		
Basic needs	\$ 52,692	\$ --
Census	34,537	--
Children's programs	21,552	--
Financial education	--	68,267
Youth leadership	--	11,083
Latino community programs	<u>--</u>	<u>9,226</u>
 Total net assets with donor restrictions	 <u>\$ 108,781</u>	 <u>\$ 88,576</u>



**CHILDREN'S NETWORK OF SOLANO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions:		
Financial education	\$ 68,267	\$ 8,833
Youth leadership	11,083	41,950
Latino community programs	9,226	1,937
Census	105,763	--
Basic needs	132,308	--
Parent leadership and training	--	7,768
Children's programs	--	47,659
Events	<u>          --</u>	<u>      2,087</u>
 Total assets released from donor restrictions	 <u>\$ 326,647</u>	 <u>\$ 110,234</u>

**NOTE 8 – COMMITMENTS**

We lease office space and office equipment under non-cancellable operating leases. We also collect rent from a portion of our office space under a sublease agreement, which expired in August 2020. The following is a schedule of future minimum rental payments (net of sublease revenue) expected under the above operating leases for the years ending June 30:

2021	\$ 29,102
2022	12,150
2023	<u>      7,210</u>
 Total future minimum rental payments	 <u>\$ 48,462</u>

Net rental expense was \$38,606 and \$32,497 for the years ended June 30, 2020 and 2019, respectively.

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 9 – CONCENTRATIONS**

For the year ended June 30, 2020, approximately 70% of our total revenue was provided by two funding sources. In addition, as of June 30, 2020, approximately 73% of our contributions receivable was due from two funding sources.

For the year ended June 30, 2019, approximately 50% of our total revenue was provided by two funding sources. In addition, as of June 30, 2019, approximately 92% of our contributions receivable was due from two funding sources.

**NOTE 10 – FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Personnel costs including salaries and wages, payroll taxes, and employee benefits are allocated on the basis of employee's estimated time and effort. Other shared costs such as conferences and meetings, occupancy, insurance, office supplies, telephone, and travel are direct charged to the program benefiting from the service and/or allocated in accordance with time and effort.

**NOTE 11 – RETIREMENT PLAN**

We have established a benefit policy called Flex Comp under Internal Revenue Code Section 125, otherwise known as a Cafeteria Plan. The plan maintains a contributory retirement program which is available to employees and allows the participants to make tax deferred annuity contributions. We make matching contributions to the retirement plan of 1% of salary for participating employees. The total costs were \$2,442 and \$3,470 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 12 – CONTINGENCIES**

We have been awarded certain grants and contracts and are subject to financial and compliance requirements of the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although management does not expect such amounts, if any, to materially affect the financial statements.

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 13 – DONATED SERVICES**

We receive donated services from a variety of unpaid volunteers assisting in leadership, committees, fundraising activities and program services. The value of this donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition as a contribution.

**NOTE 14 – SUBSEQUENT EVENTS**

As a result of the spread of the COVID-19 coronavirus (pandemic), economic uncertainties have occurred that are likely to negatively impact our contribution revenue and program service activities. However, the related financial impact and duration of the pandemic cannot be reasonably estimated at this time.

Our management has reviewed the results of operations for the period of time from our year end of June 30, 2020 through December 8, 2020, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**SUPPLEMENTARY INFORMATION**

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2020**

Grantor	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures	State of CA Expenditures
<b>U.S. Department of Health and Human Services</b>					
<i>Passed through California Department of Education</i>					
AB 212- Child Care Professional Development	93.575	CRET9044	\$ -	\$ 69,354	\$ 8,266
Local Planning Council	93.575	CLPC9047	-	41,718	3,772
Local Planning Council	93.434	CLPC9047	-	15,962	-
<b>Total U.S. Department of Health and Human Services</b>			-	127,034	12,038
<b>U.S. Department of Homeland Security</b>					
<i>Passed through United Way Bay Area</i>					
Emergency Food and Shelter Program	97.024		-	25,000	-
<b>Total U.S. Department of Homeland Security</b>			-	25,000	-
<b>Total Expenditures of Federal and State Awards</b>			\$ -	\$ 152,034	\$ 12,038

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

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED JUNE 30, 2020**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal award activity of Children's Network of Solano County under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Network, it is not intended to and does not present the financial position, changes in net assets or cash flows of the organization for the year then ended.

**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.

**NOTE 3 – INDIRECT COST RATE**

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

**CHILDREN'S NETWORK OF SOLANO COUNTY**  
**COMBINING STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

	Contracts		Total CDE	Non-CDE Programs	Total
	CLPC 9047	CRET 9044			
Revenue and support:					
Child program contracts	\$ 61,452	\$ 77,620	\$ 139,072	-	\$ 139,072
Other child program contracts	12,500	-	12,500	-	12,500
Other program contracts	-	-	-	\$ 559,169	559,169
Child program contributions	-	-	-	648,262	648,262
Other program contributions	-	-	-	56,600	56,600
Investment income	-	-	-	78	78
Miscellaneous receipts	-	-	-	11,099	11,099
Net assets released	-	-	-	-	-
Total revenue and support	<u>\$ 73,952</u>	<u>\$ 77,620</u>	<u>\$ 151,572</u>	<u>\$ 1,275,208</u>	<u>\$ 1,426,780</u>
Expenses:					
Certificated salaries	-	-	-	-	-
Classified salaries	\$ 34,564	\$ 7,217	\$ 41,781	\$ 278,042	\$ 319,823
Employees benefits	5,669	2,699	8,368	50,193	58,561
Books and supplies	1,261	147	1,408	34,380	35,788
Rents and leases	2,920	917	3,837	30,300	34,137
Other operating expenses	22,815	66,640	89,455	730,666	820,121
Depreciation	-	-	-	-	-
In-kind contribution expense	-	-	-	-	-
General, administrative and indirect	6,723	-	6,723	71,552	78,275
Total expenses	<u>\$ 73,952</u>	<u>\$ 77,620</u>	<u>\$ 151,572</u>	<u>\$ 1,195,133</u>	<u>\$ 1,346,705</u>

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

**CHILDREN'S NETWORK OF SOLANO COUNTY  
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES  
YEAR ENDED JUNE 30, 2020**

	Contracts		Total CDE
	CLPC 9047	CRET 9044	
Expenses:			
1000 Certificated salaries	-	-	-
2000 Classified salaries	\$ 34,564	\$ 7,217	\$ 41,781
3000 Employee benefits	5,669	2,699	8,368
4000 Books and supplies	1,261	147	1,408
5000 Services/Other operating expense	2,920	917	3,837
6100/6200 Other approved capital outlay	22,815	66,640	89,455
6400 New equipment	-	-	-
6500 Replacement	-	-	-
Depreciation on assets	-	-	-
Indirect costs	6,723	-	6,723
Total expenses claimed for reimbursement	<u>73,952</u>	<u>77,620</u>	<u>151,572</u>
Total supplemental expenses	-	-	-
Total expenses	<u>\$ 73,952</u>	<u>\$ 77,620</u>	<u>\$ 151,572</u>

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



**CHILDREN'S NETWORK OF SOLANO COUNTY  
RECONCILIATION OF CDE AND GAAP EXPENSE REPORTING  
YEAR ENDED JUNE 30, 2020**

	Contracts		Total
	CLPC 9047	CRET 9044	
Schedule of expenditures by State Categories (CDE)	\$ 73,952	\$ 77,620	\$ 151,572
Audit fees expenses on AUD forms (in advance of services)	-	-	-
Combining statement of activities (GAAP)	\$ 73,952	\$ 77,620	\$ 151,572

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

**CHILDREN'S NETWORK OF SOLANO COUNTY  
SCHEDULE OF REIMBURSIBLE EQUIPMENT EXPENDITURES  
YEAR ENDED JUNE 30, 2020**

	Contracts		
	CLPC 9047	CRET 9044	Total
Unit cost under \$7,500 per item:			
None	\$ -	\$ -	\$ -
Unit cost over \$7,500 per item with prior written approval:			
None	-	-	-
Unit cost over \$7,500 per item without prior written approval:			
None	-	-	-
Total expenditures	\$ -	\$ -	\$ -

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

**CHILDREN'S NETWORK OF SOLANO COUNTY  
 SCHEDULE OF REIMBURSIBLE EXPENDITURES FOR RENOVATIONS AND REPAIRS  
 YEAR ENDED JUNE 30, 2020**

	Contracts		
	CLPC 9047	CRET 9044	Total
Unit cost under \$10,000 per item:			
None	\$ -	\$ -	\$ -
Unit cost over \$10,000 per item with prior written approval:			
None	-	-	-
Unit cost over \$10,000 per item without prior written approval:			
None	-	-	-
Total expenditures	\$ -	\$ -	\$ -

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

**CHILDREN'S NETWORK OF SOLANO COUNTY  
SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS  
YEAR ENDED JUNE 30, 2020**

	Contracts		Total
	CLPC 9047	CRET 9044	
Expenses:			
Clerical and other office wages	-	-	-
Social Security	-	-	-
Health and welfare benefits	-	-	-
Workers compensation	-	-	-
Legal, election and audit	-	-	-
Other services and operating expense	-	-	-
Indirect cost allocation	\$ 6,723	\$ -	\$ 6,723
Total expenses	<u>\$ 6,723</u>	<u>\$ -</u>	<u>\$ 6,723</u>

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

**California Department of Education  
Audited Fiscal Report for  
Child Development Support Contracts**

A U D 9529 Page 1 of 4

Fiscal Year Ending **June 30, 2020**

Contract Number **CRET 9044**

Vendor Code **Z157**

Full Name of Contractor **CHILDREN'S NETWORK OF SOLANO COUNTY**

**Section 1 - Revenue**

	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Match Requirement			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Other:			
<b>Total Revenue</b>			

Full Name of Contractor **CHILDREN'S NETWORK OF SOLANO COUNTY**

**Section 2 - Reimbursable Expenses**

	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries	5,695	1,522	7,217
3000 Employee Benefits	2,158	541	2,699
4000 Books and Supplies	150	-3	147
5000 Services and Other Operating Expenses	66,845	712	67,557
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Indirect Costs (include in Total Administrative Cost)	2,772	-2,772	0
Non-Reimbursable (State use only)			
<b>Total Reimbursable Expenses</b>	<b>77,620</b>	<b>0</b>	<b>77,620</b>
Total Administrative Cost (included in Section 2 above)	2,772	-2,772	0

Approved Indirect Cost Rate: **10.0%**

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 3.

Full Name of Contractor CHILDREN'S NETWORK OF SOLANO COUNTY

**Section 5 - Summary**

	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Program Income			
Match Requirement			
Interest Earned on Child Development Apportionment Payments			
Total Reimbursable Expenses	77,620	0	77,620
Total Administrative Cost	2,772	-2,772	0

Comments:

**California Department of Education  
Audited Fiscal Report for  
Child Development Support Contracts**

A U D 9529 Page 1 of 4

Fiscal Year Ending **June 30, 2020**

Contract Number **CLPC 9047**

Vendor Code **Z157**

Full Name of Contractor **CHILDREN'S NETWORK OF SOLANO COUNTY**

**Section 1 - Revenue**

	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Match Requirement	12,500		12,500
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>	<b>12,500</b>		<b>12,500</b>
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Other:			
<b>Total Revenue</b>	<b>12,500</b>		<b>12,500</b>



Full Name of Contractor **CHILDREN'S NETWORK OF SOLANO COUNTY**

**Section 2 - Reimbursable Expenses**

	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries	36,660	-2,096	34,564
3000 Employee Benefits	6,303	-634	5,669
4000 Books and Supplies	1,305	-44	1,261
5000 Services and Other Operating Expenses	27,690	-1,955	25,735
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Indirect Costs (include in Total Administrative Cost)	7,196	-473	6,723
Non-Reimbursable (State use only)			
<b>Total Reimbursable Expenses</b>	<b>79,154</b>	<b>-5,202</b>	<b>73,952</b>
Total Administrative Cost (included in Section 2 above)	7,196	-473	6,723

Approved Indirect Cost Rate: **10.0%**

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 3.

Full Name of Contractor CHILDREN'S NETWORK OF SOLANO COUNTY

**Section 5 - Summary**

	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Program Income	12,500		12,500
Match Requirement	12,500		12,500
Interest Earned on Child Development Apportionment Payments			
Total Reimbursable Expenses	79,154	-5,202	73,952
Total Administrative Cost	7,196	-473	6,723

Comments:



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

To the Board of Directors of  
Children's Network of Solano County  
Fairfield, CA

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 Children's Network of Solano County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020, 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 8, 2020.

**Internal Control Over Financial Reporting**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Fritzsche Associates, Inc.*

Certified Public Accountants  
Sacramento, CA  
December 8, 2020



**CHILDREN'S NETWORK OF SOLANO COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

**Section II – Financial statement Findings**

Nothing to report

**Section III – Federal Award Findings and Questioned Costs**

Nothing to report

**CHILDREN'S NETWORK OF SOLANO COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020**

None reported