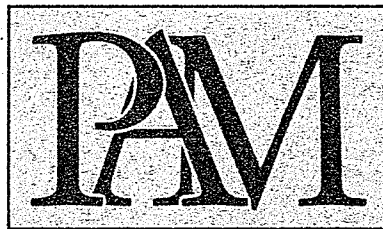


CHILDREN'S NETWORK OF SOLANO COUNTY
AUDITED FINANCIAL STATEMENTS

June 30, 2018 and 2017



• PAMELA A. MAININI •

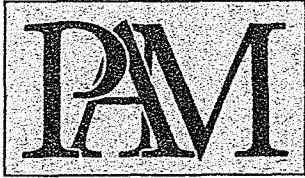
CERTIFIED PUBLIC ACCOUNTANT

Specialist in Non-Profit Accounting, Audit and Tax

1105 Kennedy Place, Suite 2 • Davis, CA 95616 Website: www.npocpa.pro
Email: pam@npocpa.pro Office: (530) 758-3653 Cell: (530) 574-1327

Children's Network of Solano County
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June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Children's Network of Solano County
Fairfield, California

I have audited the accompanying financial statements of Children's Network of Solano County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my 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 I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Network of Solano County 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

Supplemental and Other Information

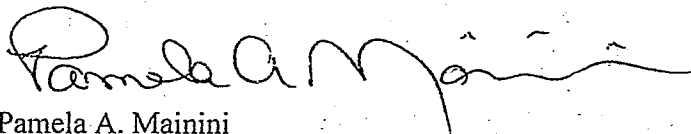
My audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The reports presented in pages 17-30 are required by the California Department of Education 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 6, 2018, on my consideration of Children's Network of Solano County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my 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 Children's Network of Solano County'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 Children's Network of Solano County's internal control over financial reporting and compliance.



Pamela A. Mainini
Certified Public Accountant

Davis, California
November 6, 2018

Children's Network of Solano County
 Statements of Financial Position
 June 30, 2018 and 2017

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

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 140,222	\$ 201,504
Contracts and grants receivable	254,299	280,890
Prepaid expenses	9,471	6,940
Total current assets	<u>403,992</u>	<u>489,334</u>
Fixed Assets		
Furniture and equipment	24,757	18,984
Less: accumulated depreciation	<u>(19,275)</u>	<u>(18,984)</u>
Net buildings, furniture and equipment	<u>5,482</u>	<u>-</u>
Other Assets		
Deposits	<u>3,000</u>	<u>3,000</u>
Total Assets	<u>\$ 412,474</u>	<u>\$ 492,334</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 106,004	\$ 135,814
Accrued expenses	4,360	6,439
Accrued vacation	43,939	48,485
Total current liabilities	<u>154,303</u>	<u>190,738</u>
Total liabilities	<u>154,303</u>	<u>190,738</u>
Net Assets		
Unrestricted net assets	167,743	159,449
Temporarily restricted net assets	<u>90,428</u>	<u>142,147</u>
Total net assets	<u>258,171</u>	<u>301,596</u>
Total Liabilities and Net Assets	<u>\$ 412,474</u>	<u>\$ 492,334</u>

Children's Network of Solano County
 Statements of Activities
 For the Years Ended June 30, 2018 and 2017

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

<u>UNRESTRICTED NET ASSETS</u>	2018	2017
Support, revenue and gains:		
Program service fees	\$ 772,064	\$ 671,232
Contributions	8,569	16,677
Grants	886,726	1,171,608
Fundraising (net direct expenses of \$16,464 and \$-0-)	5,138	3,294
Investment income	60	66
Miscellaneous receipts	2,219	2,670
Net assets released	<u>116,810</u>	<u>39,269</u>
Total unrestricted support, revenue and gains	<u>1,791,586</u>	<u>1,904,816</u>
Expenses:		
Program Expenses		
Child Care	185,879	190,023
Family Support	1,264,622	1,477,165
Council & Advocacy Support	129,146	135,805
Youth Program	105,715	-
Fiscal Sponsorship	<u>31,523</u>	<u>31,107</u>
Total program expenses	1,716,885	1,834,100
Supporting Services	65,504	77,525
Fundraising services	<u>903</u>	<u>-</u>
Total expenses	<u>1,783,292</u>	<u>1,911,625</u>
Increase in unrestricted net assets	<u>8,294</u>	<u>(6,809)</u>
 <u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Restricted grants received	65,091	40,918
Net assets released	<u>(116,810)</u>	<u>(39,269)</u>
(Decrease) in temporarily restricted net assets	<u>(51,719)</u>	<u>1,649</u>
 (DECREASE) IN NET ASSETS	(43,425)	(5,160)
NET ASSETS AT BEGINNING OF YEAR	<u>301,596</u>	<u>306,756</u>
NET ASSETS AT END OF YEAR	<u>\$ 258,171</u>	<u>\$ 301,596</u>

Children's Network of Solano County
Statement of Functional Expenses
For the Year ended June 30, 2018

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

Description	Child Care	Family Support	Council & Advocacy	Youth Program	Fiscal Sponsorship	Total Program	Administrative Support	Fundraising	Total 2018
Salaries	\$ 23,265	\$ 250,488	\$ 84,067	\$ 47,973	\$ 799	\$ 406,592	\$ 29,295	\$ 331	\$ 436,218
Payroll taxes	1,523	20,960	6,555	4,634	57	33,729	2,711	25	36,465
Employee benefits	4,599	29,090	14,922	3,111	163	51,885	8,474	92	60,451
Accounting & Audit	1,462	838	268	159	6	2,733	13,641	-	16,374
Advertising	-	2,236	-	-	-	2,236	-	-	2,236
Bank Charges	-	-	-	-	-	-	532	-	532
Conferences & Meetings	524	2,896	4,475	904	4	8,803	126	128	9,057
Consultants	8,601	2,736	507	27,640	-	39,484	3	-	39,487
Contracts	42,417	23,946	2,353	1,630	36	70,382	3,182	-	73,564
Depreciation	-	291	-	-	-	291	-	-	291
Dues and subscriptions	5	59	1,018	12	-	1,094	22	-	1,116
Equipment maintenance	196	2,385	753	467	9	3,810	281	-	4,091
Information Systems	621	7,020	2,159	1,455	24	11,279	955	-	12,234
Liability insurance	375	2,637	805	624	3	4,444	342	-	4,786
Occupancy	2,118	21,349	6,516	4,397	71	34,451	2,542	-	36,993
Office supplies	4,095	2,936	733	531	7	8,302	1,203	-	9,505
Other	14	196	64	47	-	321	807	-	1,128
Outreach	-	9,615	-	250	-	9,865	-	-	9,865
Postage	168	760	234	192	3	1,357	97	-	1,454
Printing	205	2,138	251	154	1,023	3,771	-	239	4,010
Program	-	846,162	200	6,098	27,869	880,329	500	-	880,829
Stipends	10,370	-	-	-	-	10,370	-	-	10,370
Supplies	31,337	4,891	1,219	3,641	1,431	42,519	10	-	42,529
Telephone	521	3,150	1,788	1,169	17	6,645	692	-	7,337
Training	52,640	17,068	62	45	1	69,816	88	-	69,904
Travel	823	10,775	197	582	-	12,377	1	88	12,466
Total Expenses	\$ 185,879	\$ 1,264,622	\$ 129,146	\$ 105,715	\$ 31,523	\$ 1,716,885	\$ 65,504	\$ 903	\$ 1,783,292
Percentage	10.42%	70.92%	7.24%	5.93%	1.77%	96.28%	3.67%	0.05%	100.00%

Children's Network of Solano County
Statement of Functional Expenses
For the Year Ended June 30, 2017

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

Description	Child Care	Family Support	Council Support	Fiscal Sponsorship	Total Program	Administrative Support	Total 2017
Salaries	\$ 74,902	\$ 318,393	\$ 85,788	\$ 202	\$ 479,285	\$ 47,068	\$ 526,353
Payroll taxes	5,151	26,701	6,590	16	38,458	3,894	42,352
Employee benefits	16,927	45,927	15,216	88	78,158	4,271	82,429
Accounting & Audit	-	-	-	-	-	12,407	12,407
Advertising	1,013	-	-	-	1,013	-	1,013
Bank Charges	-	-	-	-	-	839	839
Conferences & Meetin	1,052	5,909	1,251	700	8,912	48	8,960
Consultants	114	61,295	3,390	-	64,799	2	64,801
Contracts	4,094	3,036	869	-	7,999	486	8,485
Dues and subscriptions	232	385	642	-	1,259	151	1,410
Equipment maintenanc	1,661	10,268	1,709	-	13,638	164	13,802
Information Systems	4,008	9,223	2,699	-	15,930	617	16,547
Liability insurance	-	-	-	-	-	4,704	4,704
Occupancy	8,050	23,735	7,100	-	38,885	1,600	40,485
Office supplies	976	3,307	930	156	5,369	147	5,516
Other	114	8,991	890	-	9,995	391	10,386
Outreach	-	27,144	53	-	27,197	-	27,197
Postage	264	1,376	287	22	1,949	89	2,038
Printing	421	2,633	718	405	4,177	35	4,212
Program	-	865,199	53	28,140	893,392	70	893,462
Stipends	2,554	-	-	-	2,554	-	2,554
Supplies	15,980	19,855	3,865	1,352	41,052	6	41,058
Telephone	1,350	6,137	1,617	-	9,104	276	9,380
Training	49,071	24,126	130	-	73,327	26	73,353
Travel	2,089	13,525	2,008	26	17,648	234	17,882
Total Expenses	\$ 190,023	\$ 1,477,165	\$ 135,805	\$ 31,107	\$ 1,834,100	\$ 77,525	\$ 1,911,625
Percentage	9.94%	77.27%	7.10%	1.63%	95.94%	4.06%	100.00%

Children's Network of Solano County
 Statements of Cash Flows
 For the Years Ended June 30, 2018 and 2017

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

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	2018	2017
(Decrease) Increase in net assets:	\$ (43,425)	\$ (5,160)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
None	291	-
(Increase)Decrease in operating assets:		
Contracts and grants receivable	26,591	100,478
Prepaid expenses	(2,531)	(6,940)
Deposits	-	3,690
Accounts payable	(29,810)	8,190
Accrued expenses	(2,079)	(2,720)
Accrued vacation	(4,546)	(2,693)
Deferred revenue	-	-
Net cash (used) provided by operating activities	(55,509)	94,845
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash used to purchase equipment	(5,773)	-
Net cash (used) provided by operating activities	(5,773)	-
 NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(61,282)	94,845
 CASH, AS OF JULY 1	201,504	106,659
 CASH, AS OF JUNE 30	\$ 140,222	\$ 201,504
 Taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Children's Network of Solano County, (the Network), was incorporated as a nonprofit corporation in 1982. The Network facilitates partnerships among public and private agencies that serve Solano County families. The Network 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: All children of Solano County will reach adulthood having experienced a safe, healthy and nurturing environment. The resulting sense of self-worth will empower them to develop their unique potential so that they mature realizing a strong sense of responsibility to self, culture, and society.

Support for the Network comes from contracts and grants with federal, state and local government agencies, approximately 70.71% and 70.68% of the Network's unrestricted support came from public funds in the years ended June 30, 2018 and 2017, respectively. Private foundations, training fees, fund raising events, and contributions from the general public make up the balance of the revenues.

Program descriptions

The Network has identified five broad program areas to direct its resources and activities. Children's Network of Solano County works to educate people in Solano County about the needs of children and to bring together those who can achieve the best outcomes for kids. Children's Network of Solano County conducts and disseminates research, offers training, administers grants, coordinates county agencies, advocates for policy changes at all levels of government, and works to improve the efficiency and effectiveness of county services for children.

Child Care – The Network provides 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 – Children's Network of Solano County has worked to create 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.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES

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Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES – (continued)

Council Support – The Network provides 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.

Youth Program- The Network promotes 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 – The Children's Network of Solano County partners with a variety of private and public organizations to improve the lives of local children. Through contracts with the County, the Network also provides staff support – such as budget development, research, training and administrative support for various agencies serving children in Solano County.

Basis of Presentation

The financial statements of Children's Network of Solano County, (the Network), have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP) and accordingly reflect all significant receivables, payables, and other liabilities.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES – (continued)

Cash

For financial statement purposes, Children's Network of Solano County considers cash on hand; cash in banks and investments with maturities of less than three months as cash.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contracts and Grants Receivable

Contracts and grants receivable arise from contracts with governmental agencies and private foundations that provide for reimbursement of expenditures within contract guidelines. Due to the nature of the contracts and grants receivable it is the opinion of management that substantially all accounts receivable are collectible in full. Therefore, no allowance for bad debts is provided.

Fair Value Measurements

Fair value is defined as 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. A fair value hierarchy is established that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted process in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). The Network does not have any assets or liabilities that are measured at fair value.

Furniture and Equipment

The Network capitalizes all property and equipment acquisitions in excess of \$1,500. Purchased furniture and equipment are capitalized at cost. Donated property and equipment are carried at the estimated fair value at the date of donation. Property and equipment funded by 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.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES – (continued)

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received (Note 11).

Fund accounting

Children's Network of Solano County receives a major portion of its revenues in the form of federal, state and local government grants or contracts for program operations. To ensure observance of limitations and restrictions placed on the use of resources available to Children's Network of Solano County, the accounts are maintained in accordance with the principles of fund accounting. Separate accounts are maintained for each fund.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$2,036 and \$1,130 during the years ended June 30, 2018 and 2017, respectively.

Income taxes

Children's Network of Solano County is exempt from income and franchise taxes under Section 501(c)(3) and 23701(d) of the respective Federal and State revenue codes. Since the Network is a tax-exempt organization, it is not obligated to pay federal or state corporate income taxes unless its unrelated business income, as defined by the Internal Revenue Service Code, exceeds \$1,000. The Network did not generate unrelated business income and is, therefore, not subject to federal or state corporate income taxes for the years ended June 30, 2018 and 2017.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES – (continued)

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	140,222
Accounts receivable	<u>254,299</u>
	<u>\$ 394,521</u>

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Network maintains cash balances in various accounts at several financial institutions located in Solano County. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) for balances up to \$250,000. For the years ending June 30, 2018 and 2017, Children's Network of Solano County had no uninsured cash balances for the years ended June 30, 2018 and 2017, respectively.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 3 – GOVERNMENT CONTRACTS RECEIVABLE

As of June 30, 2018 and 2017 government contracts receivable consisted of the following:

	2018	2017
Administration for Children and Families	\$ 61,830	\$ 108,305
California Department of Education	98,469	8,485
First 5 Solano County	44,219	60,442
Solano County Department of Health and Social Services		
Community services broker	5,718	24,244
Solano County Office of Education	-	-
Special Education Local Planning Area	25,281	33,707
Fairfield Suisun Unified School District	1,619	48,493
	\$ 237,136	\$ 283,676

NOTE 4 – FIXED ASSETS

The Network maintains and uses equipment purchased by various funding agencies. This equipment was not capitalized nor depreciated in the financial statements. However, GAAP requires that the fair value of the use of equipment be recorded as contributions and expense in the financial statements. The full value of this equipment has been recognized in prior period financial statements and this obsolete equipment has been disposed of during the office move in 2017. No new equipment has been purchased with government funds during June 30, 2018 and 2017. The following is a summary of furniture and equipment purchased or donated with unrestricted funds:

<u>Description:</u>	2018	2017
Furniture & Equipment	\$ 24,757	\$ 18,984
Less: accumulated depreciation	(19,275)	(18,984)
Total	\$ 5,482	\$ -

NOTE 5 – LINE OF CREDIT

The Network has a \$100,000 revolving line of credit with the 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, 2019. The Network had no outstanding balance at June 30, 2018 and 2017. The unused credit line of \$100,000 represented off balance sheet risk in that it could be used in subsequent periods.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 6 – RETIREMENT PLAN

The Network has 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. The Network makes matching contributions to the retirement plan of 1% of salary for participating employees. The total costs were \$4,096 and \$4,204 for the years ended June 30, 2018 and 2017, respectively.

NOTE 7 – OPERATING LEASE COMMITMENTS

The Network leased office space under a month to month lease agreement. The annual rent under this agreement was 24,146 for the year ended June 30, 2017. The lease agreement in the current location commenced on April 18, 2016 and will terminate on April 30, 2021. For the years ended June 30, 2018 and 2017 the Network paid \$29,064 and \$33,532, respectively, for this lease. Future payments under the terms of the lease are as follows:

June 30:	
2019	\$ 29,186
2020	\$ 29,920
2021	\$ 25,450

In addition the Network has leased a copier under a 60 month lease agreement for \$197 per month. Minimum annual payments on that lease are \$2,361 per year.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2018	2017
<u>Timing restrictions</u>	\$ 25,000	\$ 25,000
<u>Program restrictions</u>		
Fiscal sponsorship programs	\$ -	\$ 14,366
Family Policy Forum	2,088	3,978
Ca Transitional Kindergarten Stipend	9,024	55,591
Solano Resource Connection	-	5,882
Funding the Next Generation	1,190	1,190
Earn It! Keep It! Save It!	6,163	6,163
Parent Leadership Training	7,768	
Voces Unidas	11,162	6,873
Youth Leadership Council	28,033	-
Sparkpoint center	-	23,104
Total	\$ 90,428	\$ 142,147

NOTE 9 – COST ALLOCATION PLAN

Children's Network of Solano County updates its cost allocation plan annually. The plan is on file in the Network's main accounting office. Children's Network of Solano County allocates its costs based on the relative benefits received by the programs or activities. Accordingly, the Network applies several methods for allocating costs:

Direct Costs: Costs identified 100% to a specific program are charged directly to that program.

Indirect Costs: Costs identified to multiple programs or activities are shared between the programs benefitting. Payroll costs are allocated using individual time sheets that report the actual time spent by employees in each program each day. Other shared costs, such as rent, utilities, office supplies and insurance are allocated in accordance with the employee time allocation.

NOTE 10 – CONTINGENCIES

Children's Network of Solano County has received federal and other governmental funds for specific purposes that are subject to review and audit by the funding agencies. Such audits could generate expenditure disallowances or refunds payable under terms of the agency contracts. No material amounts are currently payable. Loss of governmental support would have a significant impact on Children's Network of Solano County's ability to provide its program services.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 11 – IN-KIND SUPPORT

Unpaid volunteers contribute to the Network's programs. These services do not meet the criteria for inclusion in the financial statements and have not been reported as income or expense. However, the volunteer service hours are used as matching revenue for various grants or contracts. The Network has recorded the following donated service hours for the programs or contracts for the years ending June 30:

	2018		2017	
	Hours	Value	Hours	Value
Children's Alliance/Abuse prevention	952	27,665	760	21,630
Child Care Coordination	344	9,997	520	14,800
Information Technology volunteer	163	4,737	388	11,042
Clerical and Board of Directors	280	8,137	240	6,830
	<u>1,739</u>	<u>\$ 50,536</u>	<u>1,908</u>	<u>\$ 54,302</u>

NOTE 12 – SUBSEQUENT EVENTS

Management of the Network has reviewed the changes in their net assets and evaluated subsequent events for the period of time from their year end of June 30, 2018 through November 6, 2018, the date that the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

SUPPLEMENTAL INFORMATION
REQUIRED BY
CALIFORNIA DEPARTMENT OF EDUCATION

Children's Network of Solano County
Schedule of Expenditures of Federal and State Awards
For the year ending June 30, 2018

See accompanying auditors' reports and notes to financial statements.

Grantor	Federal	Grantor's Number	Award		Expenditures	
	CFDA Number		Federal	State	Federal	State
U.S. Department of Health and Human Services						
The Office of Family Assistance	93.086	90FK0058	\$ 699,000	\$ -	\$ 459,207	\$ -
Total Direct Assistance			\$ 699,000	\$ -	\$ 459,207	\$ -
Passed through California Department of Education						
California Transitional Kindergarten						
Stipend Incentive Program	93.575	14-25277	149,780	-	46,567	-
AB 212 - CARES	93.575	CRET -7044	69,356	8,266	69,354	8,266
California's Comprehensive approaches to Raising Educational Standards Program						
Local Planning Council	93.575	CLPC-7047	56,647	572	54,631	572
Total California Department of Education			275,783	8,838	170,552	8,838
Passed through Solano County Health and Social Services						
Promoting Safe and Stable Families	93.556	03529-18	54,000	-	48,767	-
Total Solano County Health and Human Services			54,000	-	48,767	-
Total U.S. Department of Health and Human Services			1,028,783	8,838	678,526	8,838
Emergency Food and Shelter Program						
Passed through United Way of the Bay Area	97.024	090200-036	50,000	-	50,000	-
Total Federal and State			\$ 1,078,783	\$ 8,838	\$ 728,526	\$ 8,838

Note 1. Basis of Presentation

The Schedule of Expenditures of Federal and State Awards includes the expenditures of federal awards of The Children's Network of Solano County. Expenditures are presented on the accrual basis of accounting. The federal information in this schedule is presented in accordance with the requirements of uniform Guidance, 2 CFR Part 200, Subpart F. Thus, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Children's Network of Solano County
Combining Statement of Activities
For the year ending June 30, 2018

See accompanying auditors' reports and notes to financial statements.

	Contracts			Grant	TOTAL CDE	Non	TOTAL
	CLPC 7047	CRET 7044	Solano County	CTKS 14-25277		CDE Programs	
REVENUE AND SUPPORT							
Child Program Contracts	\$ 55,203	\$ 77,620	\$ -	\$ -	\$ 132,823	\$ -	\$ 132,823
Other Child Program Contracts	12,500	-	7,000	-	19,500	-	19,500
Other Program Contracts	-	-	-	-	-	619,741	619,741
Child Program Contributions	-	-	-	-	-	-	-
Other Program Contributions	-	-	-	-	-	13,707	13,707
Child program grants	-	-	-	-	-	-	-
Other program grants	-	-	-	-	-	951,817	951,817
Investment income	-	-	-	-	-	60	60
Miscellaneous receipts	-	-	-	-	-	2,219	2,219
Net assets released	-	-	-	46,567	46,567	(46,567)	-
Total revenue and Support	<u>67,703</u>	<u>77,620</u>	<u>7,000</u>	<u>46,567</u>	<u>198,890</u>	<u>1,540,977</u>	<u>1,739,867</u>
Certificated Salaries	-	-	-	-	-	-	-
Classified Salaries	18,246	5,019	-	-	23,265	412,953	436,218
Employee Benefits	4,290	1,840	-	-	6,130	90,786	96,916
Books and Supplies	4,988	31,355	-	-	36,343	30,478	66,821
Rents and Leases	842	1,113	-	-	1,955	34,426	36,381
Other operating expenses	33,373	31,253	7,000	46,567	118,193	1,028,472	1,146,665
Depreciation	-	-	-	-	-	291	291
In-Kind Contributions expense General, Administrative and indirect	5,964	7,040	-	-	13,004	(13,004)	-
Total Expenses	<u>\$ 67,703</u>	<u>\$ 77,620</u>	<u>\$ 7,000</u>	<u>\$ 46,567</u>	<u>\$ 198,890</u>	<u>\$ 1,584,402</u>	<u>\$ 1,783,292</u>

Children's Network of Solano County
Schedule of Expenditures by State Categories
For the year ending June 30, 2018

See accompanying auditor's reports and notes to financial statements.

	Contracts			Grant	Reim- bursable
	CLPC 7047	CRET 7044	Solano County	CTKS 14-25277	
1000 Certificated Salaries	-	-	-	-	-
2000 Classified Salaries	18,246	5,019	-	-	23,265
3000 Employee Benefits	4,290	1,840	-	-	6,130
4000 Books and Supplies	4,988	31,355	-	-	36,343
5000 Services/Other Operating Exp	34,215	32,366	7,000	46,567	120,148
6100/6200 Other approved capital outlay	-	-	-	-	-
6400 New equipment	-	-	-	-	-
6500 Replacement	-	-	-	-	-
Depreciation on assets	-	-	-	-	-
Indirect Costs	<u>5,964</u>	<u>7,040</u>	-	-	<u>13,004</u>
Total expenses claimed for reimbursement	<u>67,703</u>	<u>77,620</u>	<u>7,000</u>	<u>46,567</u>	<u>198,890</u>
Total supplemental expenses	-	-	-	-	-
Total expenses	<u>\$ 67,703</u>	<u>\$ 77,620</u>	<u>\$ 7,000</u>	<u>\$ 46,567</u>	<u>\$ 198,890</u>

Notes:
a) A written indirect cost allocation plan for the current fiscal year, approved by the Board of Directors, is on file in the main accounting office of Children's Network of Solano County.

I 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.

Children's Network of Solano County
 Reconciliation of CDE and GAAP Expense Reporting
 For the year ended June 30, 2018

See accompanying auditors' reports and notes to financial statements.

	Contracts			Grant	Reim- bursable
	CLPC 7047	CRET 7044	Solano County	CTKS 14-25277	
Schedule of expenditures by State Categories (CDE)	\$ 67,703	\$ 77,620	\$ 7,000	\$ 46,567	\$ 198,890
Audit fees expensed on AUD forms (in advance of services)	-	-	-	-	-
Combining Statement of Activities (GAAP)	<u>\$ 67,703</u>	<u>\$ 77,620</u>	<u>\$ 7,000</u>	<u>\$ 46,567</u>	<u>\$ 198,890</u>

Children's Network of Solano County
 Schedule of Reimbursable Equipment Expenditures
 For the year ending June 30, 2018

See accompanying auditors' reports and notes to financial statements.

	Contracts		Grants	Total
	CLPC 7047	CRET 7044	CTKS 14-25277	
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 Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Children's Network of Solano County capitalization threshold is \$1,500 or more.

Children's Network of Solano County
 Schedule of Reimbursable Expenditures for Renovation and Repairs
 For the year ending June 30, 2018

See accompanying auditors' reports and notes to financial statements.

	Contracts		Grants	Total
	CLPC 7047	CRET 7044	CTKS 14-25277	
Unit Cost Under \$10,000 Per Item				
None	\$ -	\$ -	\$ -	\$ -
Unit Cost \$10,000 or More Per Item				
With Prior Written Approval				
None	-	-	-	-
Unit Cost \$10,000 or More Per Item				
Without Prior Written Approval				
None	-	-	-	-
Total Expenses	\$ -	\$ -	\$ -	\$ -

The Network purchased one desktop computer for CDE program staff. This cost did not exceed the \$1,500 capitalization threshold.

Children's Network of Solano County
 Schedule of Reimbursable Administrative Costs
 For the year ending June 30, 2018

See accompanying auditors' reports and notes to the financial statements.

	Contracts		Grants	Total CDE
	CLPC 7047	CRET 7044	CTKS 14-25277	
EXPENSES				
Clerical and Other Office Wages	845	-	-	845
Social Security	39	-	-	39
Health and Welfare Benefits	-	-	-	-
Workers Compensation	2	-	-	2
Legal, Election and Audit	1,400	-	-	1,400
Other Services and Operating Exp	384	298	-	682
Indirect Cost Allocation	5,964	7,040	-	13,004
Total Expenses	<u>\$ 8,634</u>	<u>\$ 7,338</u>	<u>\$ -</u>	<u>\$ 15,972</u>

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 1 of 4 (11/18)

Fiscal Year End June 30, 2018

Contract Number CRET 7044

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 Fiscal Year Per Audit
Restricted Income - Match Requirement			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income Subtotal			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Other:			
Total Revenue			

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 2 of 4 (11/18)

Fiscal Year End
 Contract Number
 Vendor Code

Full Name of Contractor

Section 2 - Reimbursable Expenses	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries	0		0
2000 Classified Salaries	5,183	-164	5,019
3000 Employee Benefits	2,044	-204	1,840
4000 Books and Supplies	188	31,167	31,355
5000 Services and Other Operating Expenses	63,149	-30,783	32,366
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Indirect Costs (Include in Administrative Cost)	7,056	-16	7,040
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	77,620	0	77,620
Total Administrative Cost (included in section 2 above)	7,056	282	7,338

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 3.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 4 of 4 (11/18)

Fiscal Year End

June 30, 2018

Contract Number

CRET 7044

Vendor Code

Z157

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 Apportionment Payments			
Total Reimbursable Expenses	77,620	0	77,620
Total Administrative Cost	7,056	282	7,338

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 1 of 4 (11/18)

Fiscal Year End June 30, 2018

Contract Number CLPC 7047

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 Fiscal Year Per Audit
Restricted Income - Match Requirement	12,500		12,500
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income Subtotal	12,500		12,500
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Other:			
Total Revenue	12,500		12,500

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 2 of 4 (11/18)

Fiscal Year End
 Contract Number
 Vendor Code

Full Name of Contractor

Section 2 - Reimbursable Expenses	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries	0		0
2000 Classified Salaries	17,735	511	18,246
3000 Employee Benefits	4,108	182	4,290
4000 Books and Supplies	4,622	366	4,988
5000 Services and Other Operating Expenses	35,083	-867	34,216
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Indirect Costs (Include in Administrative Cost)	6,155	-192	5,963
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	67,703	0	67,703
Total Administrative Cost (included in section 2 above)	6,155	2,539	8,694

Approved Indirect Cost Rate:

Comments:

The audit adjustments are a result of minor classification changes made to final numbers reported. No actual audit adjustments were made to the numbers reported by the contractor.

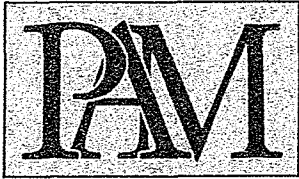
No Supplemental Revenue check this box and omit Page 3.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 4 of 4 (11/18)

Fiscal Year End June 30, 2018
 Contract Number CLPC 7047
 Vendor Code Z157

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 Apportionment Payments			
Total Reimbursable Expenses	67,703	0	67,703
Total Administrative Cost	6,155	2,539	8,694



• PAMELA A. MAININI •

CERTIFIED PUBLIC ACCOUNTANT

1105 Kennedy Place, Suite 2 • Davis, CA 95616

www.npocpa.pro
pam@npocpa.pro

Phone: (530) 758-3653
Cell: (530) 574-1327

SPECIALIST IN NON-PROFIT ACCOUNTING, AUDIT AND TAX

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, California

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children's Network of Solano County (a nonprofit charitable organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated November 6, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Children's Network of Solano County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Children's Network of Solano County's internal control. Accordingly, I do not express an opinion on the effectiveness of Children's Network of Solano County'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.

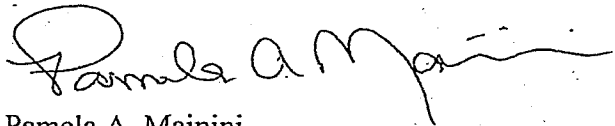
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Children's Network of Solano County's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

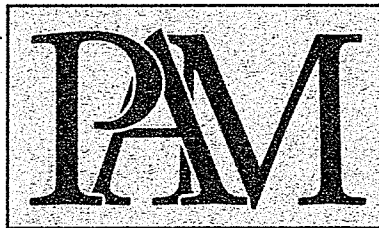


Pamela A. Mainini
Certified Public Accountant

Davis, California
November 6, 2018

CHILDREN'S NETWORK OF SOLANO COUNTY
AUDITED FINANCIAL STATEMENTS

June 30, 2018 and 2017



• PAMELA A. MAININI •

CERTIFIED PUBLIC ACCOUNTANT

Specialist in Non-Profit Accounting, Audit and Tax

1105 Kennedy Place, Suite 2 • Davis, CA 95616 Website: www.npocpa.pro
Email: pam@npocpa.pro Office: (530) 758-3653 Cell: (530) 574-1327

Children's Network of Solano County
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June 30, 2018 and 2017

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• PAMELA A. MAININI •

CERTIFIED PUBLIC ACCOUNTANT

1105 Kennedy Place, Suite 2 • Davis, CA 95616

www.npocpa.pro
pam@npocpa.pro

Phone: (530) 758-3653
Cell: (530) 574-1327

SPECIALIST IN NON-PROFIT ACCOUNTING, AUDIT AND TAX

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Children's Network of Solano County
Fairfield, California

I have audited the accompanying financial statements of Children's Network of Solano County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my 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 I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Network of Solano County 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

Supplemental and Other Information

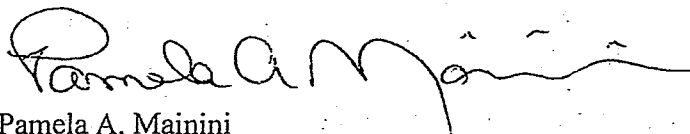
My audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The reports presented in pages 17-30 are required by the California Department of Education 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 6, 2018, on my consideration of Children's Network of Solano County's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my 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 Children's Network of Solano County'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 Children's Network of Solano County's internal control over financial reporting and compliance.



Pamela A. Mainini
Certified Public Accountant

Davis, California
November 6, 2018

Children's Network of Solano County
 Statements of Financial Position
 June 30, 2018 and 2017

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

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 140,222	\$ 201,504
Contracts and grants receivable	254,299	280,890
Prepaid expenses	9,471	6,940
Total current assets	<u>403,992</u>	<u>489,334</u>
Fixed Assets		
Furniture and equipment	24,757	18,984
Less: accumulated depreciation	<u>(19,275)</u>	<u>(18,984)</u>
Net buildings, furniture and equipment	<u>5,482</u>	<u>-</u>
Other Assets		
Deposits	<u>3,000</u>	<u>3,000</u>
Total Assets	<u>\$ 412,474</u>	<u>\$ 492,334</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 106,004	\$ 135,814
Accrued expenses	4,360	6,439
Accrued vacation	43,939	48,485
Total current liabilities	<u>154,303</u>	<u>190,738</u>
Total liabilities	<u>154,303</u>	<u>190,738</u>
Net Assets		
Unrestricted net assets	167,743	159,449
Temporarily restricted net assets	<u>90,428</u>	<u>142,147</u>
Total net assets	<u>258,171</u>	<u>301,596</u>
Total Liabilities and Net Assets	<u>\$ 412,474</u>	<u>\$ 492,334</u>

Children's Network of Solano County
 Statements of Activities
 For the Years Ended June 30, 2018 and 2017

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

<u>UNRESTRICTED NET ASSETS</u>	2018	2017
Support, revenue and gains:		
Program service fees	\$ 772,064	\$ 671,232
Contributions	8,569	16,677
Grants	886,726	1,171,608
Fundraising (net direct expenses of \$16,464 and \$-0-)	5,138	3,294
Investment income	60	66
Miscellaneous receipts	2,219	2,670
Net assets released	<u>116,810</u>	<u>39,269</u>
Total unrestricted support, revenue and gains	<u>1,791,586</u>	<u>1,904,816</u>
Expenses:		
Program Expenses		
Child Care	185,879	190,023
Family Support	1,264,622	1,477,165
Council & Advocacy Support	129,146	135,805
Youth Program	105,715	-
Fiscal Sponsorship	<u>31,523</u>	<u>31,107</u>
Total program expenses	1,716,885	1,834,100
Supporting Services	65,504	77,525
Fundraising services	<u>903</u>	<u>-</u>
Total expenses	<u>1,783,292</u>	<u>1,911,625</u>
Increase in unrestricted net assets	<u>8,294</u>	<u>(6,809)</u>
 <u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Restricted grants received	65,091	40,918
Net assets released	<u>(116,810)</u>	<u>(39,269)</u>
(Decrease) in temporarily restricted net assets	<u>(51,719)</u>	<u>1,649</u>
 (DECREASE) IN NET ASSETS	(43,425)	(5,160)
NET ASSETS AT BEGINNING OF YEAR	<u>301,596</u>	<u>306,756</u>
NET ASSETS AT END OF YEAR	<u>\$ 258,171</u>	<u>\$ 301,596</u>

Children's Network of Solano County
Statement of Functional Expenses
For the Year ended June 30, 2018

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

Description	Child Care	Family Support	Council & Advocacy	Youth Program	Fiscal Sponsorship	Total Program	Administrative Support	Fundraising	Total 2018
Salaries	\$ 23,265	\$ 250,488	\$ 84,067	\$ 47,973	\$ 799	\$ 406,592	\$ 29,295	\$ 331	\$ 436,218
Payroll taxes	1,523	20,960	6,555	4,634	57	33,729	2,711	25	36,465
Employee benefits	4,599	29,090	14,922	3,111	163	51,885	8,474	92	60,451
Accounting & Audit	1,462	838	268	159	6	2,733	13,641	-	16,374
Advertising	-	2,236	-	-	-	2,236	-	-	2,236
Bank Charges	-	-	-	-	-	-	532	-	532
Conferences & Meetings	524	2,896	4,475	904	4	8,803	126	128	9,057
Consultants	8,601	2,736	507	27,640	-	39,484	3	-	39,487
Contracts	42,417	23,946	2,353	1,630	36	70,382	3,182	-	73,564
Depreciation	-	291	-	-	-	291	-	-	291
Dues and subscriptions	5	59	1,018	12	-	1,094	22	-	1,116
Equipment maintenance	196	2,385	753	467	9	3,810	281	-	4,091
Information Systems	621	7,020	2,159	1,455	24	11,279	955	-	12,234
Liability insurance	375	2,637	805	624	3	4,444	342	-	4,786
Occupancy	2,118	21,349	6,516	4,397	71	34,451	2,542	-	36,993
Office supplies	4,095	2,936	733	531	7	8,302	1,203	-	9,505
Other	14	196	64	47	-	321	807	-	1,128
Outreach	-	9,615	-	250	-	9,865	-	-	9,865
Postage	168	760	234	192	3	1,357	97	-	1,454
Printing	205	2,138	251	154	1,023	3,771	-	239	4,010
Program	-	846,162	200	6,098	27,869	880,329	500	-	880,829
Stipends	10,370	-	-	-	-	10,370	-	-	10,370
Supplies	31,337	4,891	1,219	3,641	1,431	42,519	10	-	42,529
Telephone	521	3,150	1,788	1,169	17	6,645	692	-	7,337
Training	52,640	17,068	62	45	1	69,816	88	-	69,904
Travel	823	10,775	197	582	-	12,377	1	88	12,466
Total Expenses	\$ 185,879	\$ 1,264,622	\$ 129,146	\$ 105,715	\$ 31,523	\$ 1,716,885	\$ 65,504	\$ 903	\$ 1,783,292
Percentage	10.42%	70.92%	7.24%	5.93%	1.77%	96.28%	3.67%	0.05%	100.00%

Children's Network of Solano County
Statement of Functional Expenses
For the Year Ended June 30, 2017

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

Description	Child Care	Family Support	Council Support	Fiscal Sponsorship	Total Program	Administrative Support	Total 2017
Salaries	\$ 74,902	\$ 318,393	\$ 85,788	\$ 202	\$ 479,285	\$ 47,068	\$ 526,353
Payroll taxes	5,151	26,701	6,590	16	38,458	3,894	42,352
Employee benefits	16,927	45,927	15,216	88	78,158	4,271	82,429
Accounting & Audit	-	-	-	-	-	12,407	12,407
Advertising	1,013	-	-	-	1,013	-	1,013
Bank Charges	-	-	-	-	-	839	839
Conferences & Meetin	1,052	5,909	1,251	700	8,912	48	8,960
Consultants	114	61,295	3,390	-	64,799	2	64,801
Contracts	4,094	3,036	869	-	7,999	486	8,485
Dues and subscriptions	232	385	642	-	1,259	151	1,410
Equipment maintenanc	1,661	10,268	1,709	-	13,638	164	13,802
Information Systems	4,008	9,223	2,699	-	15,930	617	16,547
Liability insurance	-	-	-	-	-	4,704	4,704
Occupancy	8,050	23,735	7,100	-	38,885	1,600	40,485
Office supplies	976	3,307	930	156	5,369	147	5,516
Other	114	8,991	890	-	9,995	391	10,386
Outreach	-	27,144	53	-	27,197	-	27,197
Postage	264	1,376	287	22	1,949	89	2,038
Printing	421	2,633	718	405	4,177	35	4,212
Program	-	865,199	53	28,140	893,392	70	893,462
Stipends	2,554	-	-	-	2,554	-	2,554
Supplies	15,980	19,855	3,865	1,352	41,052	6	41,058
Telephone	1,350	6,137	1,617	-	9,104	276	9,380
Training	49,071	24,126	130	-	73,327	26	73,353
Travel	2,089	13,525	2,008	26	17,648	234	17,882
Total Expenses	\$ 190,023	\$ 1,477,165	\$ 135,805	\$ 31,107	\$ 1,834,100	\$ 77,525	\$ 1,911,625
Percentage	9.94%	77.27%	7.10%	1.63%	95.94%	4.06%	100.00%

Children's Network of Solano County
 Statements of Cash Flows
 For the Years Ended June 30, 2018 and 2017

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

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	2018	2017
(Decrease) Increase in net assets:	\$ (43,425)	\$ (5,160)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
None	291	-
(Increase)Decrease in operating assets:		
Contracts and grants receivable	26,591	100,478
Prepaid expenses	(2,531)	(6,940)
Deposits	-	3,690
Accounts payable	(29,810)	8,190
Accrued expenses	(2,079)	(2,720)
Accrued vacation	(4,546)	(2,693)
Deferred revenue	-	-
Net cash (used) provided by operating activities	(55,509)	94,845
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash used to purchase equipment	(5,773)	-
Net cash (used) provided by operating activities	(5,773)	-
 NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(61,282)	94,845
CASH, AS OF JULY 1	201,504	106,659
CASH, AS OF JUNE 30	\$ 140,222	\$ 201,504
 Taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Children's Network of Solano County, (the Network), was incorporated as a nonprofit corporation in 1982. The Network facilitates partnerships among public and private agencies that serve Solano County families. The Network 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: All children of Solano County will reach adulthood having experienced a safe, healthy and nurturing environment. The resulting sense of self-worth will empower them to develop their unique potential so that they mature realizing a strong sense of responsibility to self, culture, and society.

Support for the Network comes from contracts and grants with federal, state and local government agencies, approximately 70.71% and 70.68% of the Network's unrestricted support came from public funds in the years ended June 30, 2018 and 2017, respectively. Private foundations, training fees, fund raising events, and contributions from the general public make up the balance of the revenues.

Program descriptions

The Network has identified five broad program areas to direct its resources and activities. Children's Network of Solano County works to educate people in Solano County about the needs of children and to bring together those who can achieve the best outcomes for kids. Children's Network of Solano County conducts and disseminates research, offers training, administers grants, coordinates county agencies, advocates for policy changes at all levels of government, and works to improve the efficiency and effectiveness of county services for children.

Child Care – The Network provides 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 – Children's Network of Solano County has worked to create 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.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES

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Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES – (continued)

Council Support – The Network provides 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.

Youth Program- The Network promotes 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 – The Children's Network of Solano County partners with a variety of private and public organizations to improve the lives of local children. Through contracts with the County, the Network also provides staff support – such as budget development, research, training and administrative support for various agencies serving children in Solano County.

Basis of Presentation

The financial statements of Children's Network of Solano County, (the Network), have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP) and accordingly reflect all significant receivables, payables, and other liabilities.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES – (continued)

Cash

For financial statement purposes, Children's Network of Solano County considers cash on hand; cash in banks and investments with maturities of less than three months as cash.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contracts and Grants Receivable

Contracts and grants receivable arise from contracts with governmental agencies and private foundations that provide for reimbursement of expenditures within contract guidelines. Due to the nature of the contracts and grants receivable it is the opinion of management that substantially all accounts receivable are collectible in full. Therefore, no allowance for bad debts is provided.

Fair Value Measurements

Fair value is defined as 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. A fair value hierarchy is established that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). The Network does not have any assets or liabilities that are measured at fair value.

Furniture and Equipment

The Network capitalizes all property and equipment acquisitions in excess of \$1,500. Purchased furniture and equipment are capitalized at cost. Donated property and equipment are carried at the estimated fair value at the date of donation. Property and equipment funded by 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.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES – (continued)

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received (Note 11).

Fund accounting

Children's Network of Solano County receives a major portion of its revenues in the form of federal, state and local government grants or contracts for program operations. To ensure observance of limitations and restrictions placed on the use of resources available to Children's Network of Solano County, the accounts are maintained in accordance with the principles of fund accounting. Separate accounts are maintained for each fund.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$2,036 and \$1,130 during the years ended June 30, 2018 and 2017, respectively.

Income taxes

Children's Network of Solano County is exempt from income and franchise taxes under Section 501(c)(3) and 23701(d) of the respective Federal and State revenue codes. Since the Network is a tax-exempt organization, it is not obligated to pay federal or state corporate income taxes unless its unrelated business income, as defined by the Internal Revenue Service Code, exceeds \$1,000. The Network did not generate unrelated business income and is, therefore, not subject to federal or state corporate income taxes for the years ended June 30, 2018 and 2017.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 – NETWORK AND SIGNIFICANT ACCOUNTING POLICIES – (continued)

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	140,222
Accounts receivable	<u>254,299</u>
	<u>\$ 394,521</u>

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Network maintains cash balances in various accounts at several financial institutions located in Solano County. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) for balances up to \$250,000. For the years ending June 30, 2018 and 2017, Children's Network of Solano County had no uninsured cash balances for the years ended June 30, 2018 and 2017, respectively.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 3 – GOVERNMENT CONTRACTS RECEIVABLE

As of June 30, 2018 and 2017 government contracts receivable consisted of the following:

	2018	2017
Administration for Children and Families	\$ 61,830	\$ 108,305
California Department of Education	98,469	8,485
First 5 Solano County	44,219	60,442
Solano County Department of Health and Social Services		
Community services broker	5,718	24,244
Solano County Office of Education	-	-
Special Education Local Planning Area	25,281	33,707
Fairfield Suisun Unified School District	1,619	48,493
	\$ 237,136	\$ 283,676

NOTE 4 – FIXED ASSETS

The Network maintains and uses equipment purchased by various funding agencies. This equipment was not capitalized nor depreciated in the financial statements. However, GAAP requires that the fair value of the use of equipment be recorded as contributions and expense in the financial statements. The full value of this equipment has been recognized in prior period financial statements and this obsolete equipment has been disposed of during the office move in 2017. No new equipment has been purchased with government funds during June 30, 2018 and 2017. The following is a summary of furniture and equipment purchased or donated with unrestricted funds:

Description:	2018	2017
Furniture & Equipment	\$ 24,757	\$ 18,984
Less: accumulated depreciation	(19,275)	(18,984)
Total	\$ 5,482	\$ -

NOTE 5 – LINE OF CREDIT

The Network has a \$100,000 revolving line of credit with the 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, 2019. The Network had no outstanding balance at June 30, 2018 and 2017. The unused credit line of \$100,000 represented off balance sheet risk in that it could be used in subsequent periods.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 6 – RETIREMENT PLAN

The Network has 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. The Network makes matching contributions to the retirement plan of 1% of salary for participating employees. The total costs were \$4,096 and \$4,204 for the years ended June 30, 2018 and 2017, respectively.

NOTE 7 – OPERATING LEASE COMMITMENTS

The Network leased office space under a month to month lease agreement. The annual rent under this agreement was 24,146 for the year ended June 30, 2017. The lease agreement in the current location commenced on April 18, 2016 and will terminate on April 30, 2021. For the years ended June 30, 2018 and 2017 the Network paid \$29,064 and \$33,532, respectively, for this lease. Future payments under the terms of the lease are as follows:

June 30:		
2019	\$	29,186
2020	\$	29,920
2021	\$	25,450

In addition the Network has leased a copier under a 60 month lease agreement for \$197 per month. Minimum annual payments on that lease are \$2,361 per year.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	<u>2018</u>	<u>2017</u>
<u>Timing restrictions</u>	\$ 25,000	\$ 25,000
<u>Program restrictions</u>		
Fiscal sponsorship programs	\$ -	\$ 14,366
Family Policy Forum	2,088	3,978
Ca Transitional Kindergarten Stipend	9,024	55,591
Solano Resource Connection	-	5,882
Funding the Next Generation	1,190	1,190
Earn It! Keep It! Save It!	6,163	6,163
Parent Leadership Training	7,768	
Voces Unidas	11,162	6,873
Youth Leadership Council	28,033	-
Sparkpoint center	-	23,104
Total	<u>\$ 90,428</u>	<u>\$ 142,147</u>

NOTE 9 – COST ALLOCATION PLAN

Children's Network of Solano County updates its cost allocation plan annually. The plan is on file in the Network's main accounting office. Children's Network of Solano County allocates its costs based on the relative benefits received by the programs or activities. Accordingly, the Network applies several methods for allocating costs:

Direct Costs: Costs identified 100% to a specific program are charged directly to that program.

Indirect Costs: Costs identified to multiple programs or activities are shared between the programs benefitting. Payroll costs are allocated using individual time sheets that report the actual time spent by employees in each program each day. Other shared costs, such as rent, utilities, office supplies and insurance are allocated in accordance with the employee time allocation.

NOTE 10 – CONTINGENCIES

Children's Network of Solano County has received federal and other governmental funds for specific purposes that are subject to review and audit by the funding agencies. Such audits could generate expenditure disallowances or refunds payable under terms of the agency contracts. No material amounts are currently payable. Loss of governmental support would have a significant impact on Children's Network of Solano County's ability to provide its program services.

Children's Network of Solano County
Notes to Financial Statements
June 30, 2018 and 2017

NOTE 11 – IN-KIND SUPPORT

Unpaid volunteers contribute to the Network's programs. These services do not meet the criteria for inclusion in the financial statements and have not been reported as income or expense. However, the volunteer service hours are used as matching revenue for various grants or contracts. The Network has recorded the following donated service hours for the programs or contracts for the years ending June 30:

	2018		2017	
	Hours	Value	Hours	Value
Children's Alliance/Abuse prevention	952	27,665	760	21,630
Child Care Coordination	344	9,997	520	14,800
Information Technology volunteer	163	4,737	388	11,042
Clerical and Board of Directors	280	8,137	240	6,830
	<u>1,739</u>	<u>\$ 50,536</u>	<u>1,908</u>	<u>\$ 54,302</u>

NOTE 12 – SUBSEQUENT EVENTS

Management of the Network has reviewed the changes in their net assets and evaluated subsequent events for the period of time from their year end of June 30, 2018 through November 6, 2018, the date that the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

SUPPLEMENTAL INFORMATION
REQUIRED BY
CALIFORNIA DEPARTMENT OF EDUCATION

Children's Network of Solano County
Schedule of Expenditures of Federal and State Awards
For the year ending June 30, 2018

See accompanying auditors' reports and notes to financial statements.

Grantor	Federal	Grantor's Number	Award		Expenditures	
	CFDA Number		Federal	State	Federal	State
U.S. Department of Health and Human Services						
The Office of Family Assistance	93.086	90FK0058	\$ 699,000	\$ -	\$ 459,207	\$ -
Total Direct Assistance			\$ 699,000	\$ -	\$ 459,207	\$ -
Passed through California Department of Education						
California Transitional Kindergarten						
Stipend Incentive Program	93.575	14-25277	149,780	-	46,567	-
AB 212 - CARES	93.575	CRET -7044	69,356	8,266	69,354	8,266
California's Comprehensive approaches to Raising Educational Standards Program						
Local Planning Council	93.575	CLPC-7047	56,647	572	54,631	572
Total California Department of Education			275,783	8,838	170,552	8,838
Passed through Solano County Health and Social Services						
Promoting Safe and Stable Families	93.556	03529-18	54,000	-	48,767	-
Total Solano County Health and Human Services			54,000	-	48,767	-
Total U.S. Department of Health and Human Services			1,028,783	8,838	678,526	8,838
Emergency Food and Shelter Program						
Passed through United Way of the Bay Area	97.024	090200-036	50,000	-	50,000	-
Total Federal and State			\$ 1,078,783	\$ 8,838	\$ 728,526	\$ 8,838

Note 1. Basis of Presentation

The Schedule of Expenditures of Federal and State Awards includes the expenditures of federal awards of The Children's Network of Solano County. Expenditures are presented on the accrual basis of accounting. The federal information in this schedule is presented in accordance with the requirements of uniform Guidance, 2 CFR Part 200, Subpart F. Thus, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Children's Network of Solano County
Combining Statement of Activities
For the year ending June 30, 2018

See accompanying auditors' reports and notes to financial statements.

	Contracts			Grant	TOTAL CDE	Non	TOTAL
	CLPC 7047	CRET 7044	Solano County	CTKS 14-25277		CDE Programs	
REVENUE AND SUPPORT							
Child Program Contracts	\$ 55,203	\$ 77,620	\$ -	\$ -	\$ 132,823	\$ -	\$ 132,823
Other Child Program Contracts	12,500	-	7,000	-	19,500	-	19,500
Other Program Contracts	-	-	-	-	-	619,741	619,741
Child Program Contributions	-	-	-	-	-	-	-
Other Program Contributions	-	-	-	-	-	13,707	13,707
Child program grants	-	-	-	-	-	-	-
Other program grants	-	-	-	-	-	951,817	951,817
Investment income	-	-	-	-	-	60	60
Miscellaneous receipts	-	-	-	-	-	2,219	2,219
Net assets released	-	-	-	46,567	46,567	(46,567)	-
Total revenue and Support	<u>67,703</u>	<u>77,620</u>	<u>7,000</u>	<u>46,567</u>	<u>198,890</u>	<u>1,540,977</u>	<u>1,739,867</u>
Certificated Salaries	-	-	-	-	-	-	-
Classified Salaries	18,246	5,019	-	-	23,265	412,953	436,218
Employee Benefits	4,290	1,840	-	-	6,130	90,786	96,916
Books and Supplies	4,988	31,355	-	-	36,343	30,478	66,821
Rents and Leases	842	1,113	-	-	1,955	34,426	36,381
Other operating expenses	33,373	31,253	7,000	46,567	118,193	1,028,472	1,146,665
Depreciation	-	-	-	-	-	291	291
In-Kind Contributions expense	-	-	-	-	-	-	-
General, Administrative and indirect	5,964	7,040	-	-	13,004	(13,004)	-
Total Expenses	<u>\$ 67,703</u>	<u>\$ 77,620</u>	<u>\$ 7,000</u>	<u>\$ 46,567</u>	<u>\$ 198,890</u>	<u>\$ 1,584,402</u>	<u>\$ 1,783,292</u>

Children's Network of Solano County
Schedule of Expenditures by State Categories
For the year ending June 30, 2018

See accompanying auditor's reports and notes to financial statements.

	Contracts			Grant	Reim- bursable
	CLPC 7047	CRET 7044	Solano County	CTKS 14-25277	
1000 Certificated Salaries	-	-	-	-	-
2000 Classified Salaries	18,246	5,019	-	-	23,265
3000 Employee Benefits	4,290	1,840	-	-	6,130
4000 Books and Supplies	4,988	31,355	-	-	36,343
5000 Services/Other Operating Exp	34,215	32,366	7,000	46,567	120,148
6100/6200 Other approved capital outlay	-	-	-	-	-
6400 New equipment	-	-	-	-	-
6500 Replacement	-	-	-	-	-
Depreciation on assets	-	-	-	-	-
Indirect Costs	<u>5,964</u>	<u>7,040</u>	-	-	<u>13,004</u>
Total expenses claimed for reimbursement	<u>67,703</u>	<u>77,620</u>	<u>7,000</u>	<u>46,567</u>	<u>198,890</u>
Total supplemental expenses	-	-	-	-	-
Total expenses	<u>\$ 67,703</u>	<u>\$ 77,620</u>	<u>\$ 7,000</u>	<u>\$ 46,567</u>	<u>\$ 198,890</u>

Notes:
a) A written indirect cost allocation plan for the current fiscal year, approved by the Board of Directors, is on file in the main accounting office of Children's Network of Solano County.

I 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.

Children's Network of Solano County
 Reconciliation of CDE and GAAP Expense Reporting
 For the year ended June 30, 2018

See accompanying auditors' reports and notes to financial statements.

	Contracts			Grant	Reim- bursable
	CLPC 7047	CRET 7044	Solano County	CTKS 14-25277	
Schedule of expenditures by State Categories (CDE)	\$ 67,703	\$ 77,620	\$ 7,000	\$ 46,567	\$ 198,890
Audit fees expensed on AUD forms (in advance of services)	-	-	-	-	-
Combining Statement of Activities (GAAP)	<u>\$ 67,703</u>	<u>\$ 77,620</u>	<u>\$ 7,000</u>	<u>\$ 46,567</u>	<u>\$ 198,890</u>

Children's Network of Solano County
 Schedule of Reimbursable Equipment Expenditures
 For the year ending June 30, 2018

See accompanying auditors' reports and notes to financial statements.

	Contracts		Grants	Total
	CLPC 7047	CRET 7044	CTKS 14-25277	
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 Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Children's Network of Solano County capitalization threshold is \$1,500 or more.

Children's Network of Solano County
 Schedule of Reimbursable Expenditures for Renovation and Repairs
 For the year ending June 30, 2018

See accompanying auditors' reports and notes to financial statements.

	Contracts		Grants	Total
	CLPC 7047	CRET 7044	CTKS 14-25277	
Unit Cost Under \$10,000 Per Item				
None	\$ -	\$ -	\$ -	\$ -
Unit Cost \$10,000 or More Per Item				
With Prior Written Approval				
None	-	-	-	-
Unit Cost \$10,000 or More Per Item				
Without Prior Written Approval				
None	-	-	-	-
Total Expenses	\$ -	\$ -	\$ -	\$ -

The Network purchased one desktop computer for CDE program staff. This cost did not exceed the \$1,500 capitalization threshold.

Children's Network of Solano County
 Schedule of Reimbursable Administrative Costs
 For the year ending June 30, 2018

See accompanying auditors' reports and notes to the financial statements.

	Contracts		Grants	Total CDE
	CLPC 7047	CRET 7044	CTKS 14-25277	
EXPENSES				
Clerical and Other Office Wages	845	-	-	845
Social Security	39	-	-	39
Health and Welfare Benefits	-	-	-	-
Workers Compensation	2	-	-	2
Legal, Election and Audit	1,400	-	-	1,400
Other Services and Operating Exp.	384	298	-	682
Indirect Cost Allocation	5,964	7,040	-	13,004
Total Expenses	\$ 8,634	\$ 7,338	\$ -	\$ 15,972

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 1 of 4 (11/18)

Fiscal Year End June 30, 2018

Contract Number CRET 7044

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 Fiscal Year Per Audit
Restricted Income - Match Requirement			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income Subtotal			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Other:			
Total Revenue			

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 2 of 4 (11/18)

Fiscal Year End
 Contract Number
 Vendor Code

Full Name of Contractor

Section 2 - Reimbursable Expenses	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries	0		0
2000 Classified Salaries	5,183	-164	5,019
3000 Employee Benefits	2,044	-204	1,840
4000 Books and Supplies	188	31,167	31,355
5000 Services and Other Operating Expenses	63,149	-30,783	32,366
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Indirect Costs (Include in Administrative Cost)	7,056	-16	7,040
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	77,620	0	77,620
Total Administrative Cost (included in section 2 above)	7,056	282	7,338

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 3.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 4 of 4 (11/18)

Fiscal Year End June 30, 2018
 Contract Number CRET 7044
 Vendor Code Z157

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 Apportionment Payments			
Total Reimbursable Expenses	77,620	0	77,620
Total Administrative Cost	7,056	282	7,338

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 1 of 4 (11/18)

Fiscal Year End June 30, 2018

Contract Number CLPC 7047

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 Fiscal Year Per Audit
Restricted Income - Match Requirement	12,500		12,500
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income Subtotal	12,500		12,500
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Other:			
Total Revenue	12,500		12,500

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 2 of 4 (11/18)

Fiscal Year End
 Contract Number
 Vendor Code

Full Name of Contractor

Section 2 - Reimbursable Expenses	Column A Cumulative CDNFS 9529	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries	0		0
2000 Classified Salaries	17,735	511	18,246
3000 Employee Benefits	4,108	182	4,290
4000 Books and Supplies	4,622	366	4,988
5000 Services and Other Operating Expenses	35,083	-867	34,216
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Indirect Costs (Include in Administrative Cost)	6,155	-192	5,963
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	67,703	0	67,703
Total Administrative Cost (included in section 2 above)	6,155	2,539	8,694

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 3.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED FISCAL REPORT FOR
 CHILD DEVELOPMENT SUPPORT CONTRACTS
 A U D 9529 Page 4 of 4 (11/18)

Fiscal Year End June 30, 2018
 Contract Number CLPC 7047
 Vendor Code Z157

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 Apportionment Payments			
Total Reimbursable Expenses	67,703	0	67,703
Total Administrative Cost	6,155	2,539	8,694



• PAMELA A. MAININI •

CERTIFIED PUBLIC ACCOUNTANT

1105 Kennedy Place, Suite 2 • Davis, CA 95616

www.npocpa.pro

pam@npocpa.pro

Phone: (530) 758-3653

Cell: (530) 574-1327

SPECIALIST IN NON-PROFIT ACCOUNTING, AUDIT AND TAX

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, California

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children's Network of Solano County (a nonprofit charitable organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated November 6, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Children's Network of Solano County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Children's Network of Solano County's internal control. Accordingly, I do not express an opinion on the effectiveness of Children's Network of Solano County'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.

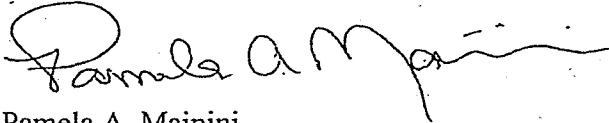
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Children's Network of Solano County's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Pamela A. Mainini
Certified Public Accountant

Davis, California
November 6, 2018

