

**CHILDREN'S NETWORK
OF SOLANO COUNTY**

Independent Auditor's Reports,
Financial Statements and
Supplementary Information

Year Ended June 30, 2021

With summarized comparative financial
information for the year ended June 30, 2020

**CHILDREN'S NETWORK OF SOLANO COUNTY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Auditor's Report	1-3
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows.....	7
Notes to Financial Statements	8-17
SUPPLEMENTARY INFORMATION:	
Schedule of Expenditures of Federal and State Awards.....	18
Notes to Schedule of Expenditures of Federal and State Awards.....	19
Combining Statement of Activities.....	20
Schedule of Expenditures by State Categories.....	21
Reconciliation of CDE and GAAP Expense Reporting	22
Schedule of Reimbursable Equipment Expenditures.....	23
Schedule of Reimbursable Expenditures for Renovations and Repairs.....	24
Schedule of Reimbursable Administrative Costs.....	25
AUDITED FINAL ATTENDANCE AND FISCAL REPORT FORMS:	
AUD 9529 – CLPC 9047	26-29
AUD 9529 – CLPC 0048	30-33
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	34-35
Schedule of Findings and Questioned Costs	36-37
Summary Schedule of Prior Audit Findings	38



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Children's Network of Solano County (a nonprofit organization) which comprises the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Children's Network of Solano County as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary reports on pages 18-38 are required by the California Department of Education and are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Children's Network of Solano County's 2019-20 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated December 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fritzsche Associates, Inc.

Sacramento, CA
January 27, 2022

CHILDREN'S NETWORK OF SOLANO COUNTY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2020

	2021	2020
Assets		
Cash and equivalents	\$ 390,801	\$ 181,954
Contributions receivable, net	657,367	216,062
Prepaid expenses	4,589	8,024
Deposits	11,194	11,294
Fixed assets, net	6,210	3,066
Total assets	\$ 1,070,161	\$ 420,400
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 82,139	\$ 33,836
Accrued expenses	66,125	61,295
Total liabilities	148,264	95,131
Net assets:		
Without donor restrictions	267,514	216,488
With donor restrictions	654,383	108,781
Total net assets	921,897	325,269
Total liabilities and net assets	\$ 1,070,161	\$ 420,400

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

CHILDREN'S NETWORK OF SOLANO COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support and revenue:				
Government grants	\$ 479,954	-	\$ 479,954	\$ 710,741
Foundation & corporate grants	570,009	\$ 788,500	1,358,509	635,062
Contributions	18,792	-	18,792	56,600
Special event income	-	-	-	4,100
Interest income	33	-	33	78
Other income	86	-	86	6,999
Net assets released from restrictions	242,898	(242,898)	-	-
Total support and revenue	1,311,772	545,602	1,857,374	1,413,580
Expenses:				
Program services:				
Child care	24,389	-	24,389	159,296
Family support	983,250	-	983,250	819,108
Council and advocacy	180,727	-	180,727	218,345
Fiscal sponsorship	2,827	-	2,827	6,354
Youth program	-	-	-	65,327
Total program services	1,191,193	-	1,191,193	1,268,430
Supporting services:				
Management and general	67,961	-	67,961	60,618
Fundraising	1,592	-	1,592	4,457
Total supporting services	69,553	-	69,553	65,075
Total expenses	1,260,746	-	1,260,746	1,333,505
Change in net assets	51,026	545,602	596,628	80,075
Net assets, beginning of year	216,488	108,781	325,269	245,194
Net assets, end of year	<u>\$ 267,514</u>	<u>\$ 654,383</u>	<u>\$ 921,897</u>	<u>\$ 325,269</u>

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

CHILDREN'S NETWORK OF SOLANO COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

	Program Services				Supporting Services			2021 Total	2020 Total
	Child Care	Family Support	Council and Advocacy	Fiscal Sponsorship	Total Program Services	Management and General	Fundraising		
Salaries and wages	\$ 14,800	\$ 111,765	\$ 114,131	\$ 656	\$ 241,352	\$ 28,931	\$ 538	\$ 270,821	\$ 346,079
Payroll taxes	1,291	11,067	10,498	51	22,907	2,932	51	25,890	29,748
Employee benefits	2,295	9,472	17,926	1	29,694	6,079	28	35,801	37,736
Subtotal personnel	18,386	132,304	142,555	708	293,953	37,942	617	332,512	413,563
Accounting and audit	-	-	-	-	-	20,211	-	20,211	22,390
Advertising	-	180	-	-	180	-	-	180	535
Bank charges	-	31	-	-	31	49	38	118	168
Conferences and meetings	-	695	618	-	1,313	157	16	1,486	2,745
Consultants	-	-	7,000	-	7,000	-	-	7,000	38,405
Contracts	-	410,748	7,350	-	418,098	-	-	418,098	358,021
Depreciation	-	-	-	-	-	1,347	-	1,347	1,208
Dues and subscriptions	-	-	-	-	-	174	-	174	1,270
Equipment maintenance	188	1,168	1,100	43	2,499	238	7	2,744	3,416
Information systems	251	2,898	1,735	447	5,331	1,609	185	7,125	6,312
Insurance	542	1,773	2,315	-	4,630	2,728	-	7,358	7,210
Occupancy, net	2,175	22,541	10,257	399	35,372	1,567	86	37,025	44,491
Office supplies	103	634	661	-	1,398	609	3	2,010	1,921
Outreach	-	-	100	-	100	-	-	100	48
Postage	47	149	184	5	385	28	2	415	215
Printing	-	-	1,586	-	1,586	76	-	1,662	2,295
Program expenses	-	406,849	-	1,171	408,020	1	-	408,021	324,645
Stipends and incentives	-	-	-	-	-	-	-	-	78,889
Supplies	2,441	722	3,307	-	6,470	879	629	7,978	30,083
Telephone	256	2,558	1,459	54	4,327	346	9	4,682	4,908
Training	-	-	500	-	500	-	-	500	3,048
Travel	-	-	-	-	-	-	-	-	919
Total expenses	\$ 24,389	\$ 983,250	\$ 180,727	\$ 2,827	\$ 1,191,193	\$ 67,961	\$ 1,592	\$ 1,260,746	\$ 1,346,705

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

CHILDREN'S NETWORK OF SOLANO COUNTY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021
WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

	2021	2020
Cash flows from operating activities:		
Grants and contributions received	\$ 1,415,950	\$ 1,335,568
Other cash receipts	119	11,177
Payments for salaries, benefits, and payroll taxes	(327,682)	(396,036)
Payments to vendors	(875,049)	(951,412)
Net cash provided by (used in) operating activities	213,338	(703)
Cash flows from investing activities:		
Purchases of fixed assets	(4,491)	-
Net cash provided by (used in) investing activities	(4,491)	-
Net increase (decrease) in cash	208,847	(703)
Cash and equivalents, beginning of year	181,954	182,657
Cash and equivalents, end of year	\$ 390,801	\$ 181,954

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

**CHILDREN'S NETWORK OF SOLANO COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – NATURE OF ORGANIZATION

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

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

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

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

Program Descriptions

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

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

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

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

**CHILDREN'S NETWORK OF SOLANO COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – NATURE OF ORGANIZATION (continued)

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

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

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

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

Cash and Equivalents

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

CHILDREN'S NETWORK OF SOLANO COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Based on historical experience, an assessment of economic conditions, and a review of subsequent collections, we expect all such contributions to be collectible. Accordingly, an allowance for uncollectible contributions has not been established as of June 30, 2021 or June 30, 2020.

Fixed Assets

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

Revenue and Revenue Recognition

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

A portion of our revenue is derived from cost-reimbursable federal, state, and foundation contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We have received cost-reimbursable grants totaling \$614,312 and \$16,279 that have not been recognized as of June 30, 2021 and 2020, respectively, because qualifying expenditures have not yet been incurred. No amounts have been received in advance under our federal and state contracts and grants.

CHILDREN'S NETWORK OF SOLANO COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

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

Advertising Costs

All advertising costs are expensed as incurred and totaled \$180 and \$535 for the years ended June 30, 2021 and 2020, respectively.

Use of Estimates

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

Income Tax Status

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

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

CHILDREN'S NETWORK OF SOLANO COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments and Credit Risk

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

Reclassifications

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

Presentation of Certain Prior Year Information

The statements of activities and functional expenses include certain prior year summarized financial information for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with our financial statements for the year ended June 30, 2020 from which the summarized information was derived.

Adoption of New Accounting Standards

Effective for the year ended June 30, 2021, we have adopted Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, as amended, as management believes the standard improves the usefulness and understandability of our financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way we recognize revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

CHILDREN'S NETWORK OF SOLANO COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – LIQUIDITY AND AVAILABILITY

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

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 390,801	\$ 181,954
Contributions receivable	<u>513,857</u>	<u>216,062</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 904,658</u>	 <u>\$ 398,016</u>

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

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Unconditional promises to give	\$ 663,857	\$ 216,062
Less: unamortized discount	<u>(6,490)</u>	<u>--</u>
Net contributions receivable	<u>\$ 657,367</u>	<u>\$ 216,062</u>
 Amounts due in:		
Less than one year	\$ 513,857	\$ 216,062
One to five years	<u>150,000</u>	<u>--</u>
Total	<u>\$ 663,857</u>	<u>\$ 216,062</u>

The discount rate applied is 3%.

CHILDREN'S NETWORK OF SOLANO COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 – FIXED ASSETS

Fixed assets consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Furniture and fixtures	\$ 22,743	\$ 22,743
Equipment	6,505	2,014
Less: accumulated depreciation	<u>(23,038)</u>	<u>(21,691)</u>
Total fixed assets, net	<u>\$ 6,210</u>	<u>\$ 3,066</u>

Depreciation expense was \$1,347 and \$1,208 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 – LINE OF CREDIT

We have a \$100,000 revolving line of credit with Bank of the West. Advances on the credit line are payable on demand and carry an interest rate of two percent above the bank's index rate of 7.75%. The line of credit is secured by chattel paper, accounts receivable and equipment. The line of credit expires on October 10, 2022. The Network had no outstanding balance as of June 30, 2021 and 2020. The unused credit line of \$100,000 represents off-balance-sheet risk in that it could be used in subsequent periods.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Subject to purpose restrictions:		
Basic needs	\$ 345,000	\$ 52,692
Children's health	278,283	--
Children's programs	31,100	21,552
Census	<u>--</u>	<u>34,537</u>
Total net assets with donor restrictions	<u>\$ 654,383</u>	<u>\$ 108,781</u>

CHILDREN'S NETWORK OF SOLANO COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Basic needs	\$ 120,192	\$ 132,308
Children's programs	65,250	--
Census	34,537	105,763
Children's health	22,919	--
Financial education	--	68,267
Youth leadership	--	11,083
Latino community programs	<u> --</u>	<u> 9,226</u>
 Total assets released from donor restrictions	 <u>\$ 242,898</u>	 <u>\$ 326,647</u>

NOTE 8 – COMMITMENTS

We lease office space and office equipment under non-cancellable operating leases. The following is a schedule of future minimum rental payments expected under those operating leases for the years ending June 30:

2022	\$ 34,450
2023	30,710
2024	24,700
2025	25,900
2026	<u>24,750</u>
 Total future minimum rental payments	 <u>\$ 140,510</u>

Net rental expense was \$33,313 and \$38,606 for the years ended June 30, 2021 and 2020, respectively.

CHILDREN'S NETWORK OF SOLANO COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 – CONCENTRATIONS

For the year ended June 30, 2021, approximately 51% of our total revenue was provided by two funding sources. In addition, as of June 30, 2021, approximately 84% of our contributions receivable was due from two funding sources.

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

NOTE 10 – FUNCTIONALIZED EXPENSES

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

NOTE 11 – RETIREMENT PLAN

We have established a benefit policy called Flex Comp under Internal Revenue Code Section 125, otherwise known as a Cafeteria Plan. The plan maintains a contributory retirement program which is available to employees and allows the participants to make tax deferred annuity contributions. We make matching contributions to the retirement plan of 1% of salary for participating employees. The total costs were \$2,071 and \$2,442 for the years ended June 30, 2021 and 2020, respectively.

NOTE 12 – CONTINGENCIES

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

CHILDREN'S NETWORK OF SOLANO COUNTY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 – DONATED SERVICES

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

NOTE 14 – SUBSEQUENT EVENTS

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

Our management has reviewed the results of operations for the period of time from our year end of June 30, 2021 through January 27, 2022, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

SUPPLEMENTARY INFORMATION

CHILDREN'S NETWORK OF SOLANO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021

Grantor	Federal AL Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures	State of CA Expenditures
U.S. Department of Health and Human Services					
<i>Passed through California Department of Education</i>					
Local Planning Council	93.575	CLPC 0048	\$ -	\$ 20,644	\$ -
Total U.S. Department of Health and Human Services			<u>-</u>	<u>20,644</u>	<u>-</u>
U.S. Department of Homeland Security					
<i>Passed through United Way Bay Area</i>					
Emergency Food and Shelter Program	97.024	n/a	-	111,645	-
Total U.S. Department of Homeland Security			<u>-</u>	<u>111,645</u>	<u>-</u>
U.S. Department of the Treasury					
<i>Passed through Catholic Charities of Yolo-Solano, Inc.</i>					
Emergency Rental Assistance Program	21.023	Phase 37/CARES Act	-	74,274	-
Total U.S. Department of the Treasury			<u>-</u>	<u>74,274</u>	<u>-</u>
Total Expenditures of Federal and State Awards			<u>\$ -</u>	<u>\$ 206,563</u>	<u>\$ -</u>

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

CHILDREN'S NETWORK OF SOLANO COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal award activity of Children's Network of Solano County under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Network, it is not intended to and does not present the financial position, changes in net assets or cash flows of the organization for the year then ended.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

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

CHILDREN'S NETWORK OF SOLANO COUNTY
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	<u>Contracts</u>	<u>Contracts</u>			
	CLPC 9047	CLPC 0048	Total CDE	Non-CDE Programs	Total
Revenue and support:					
Child program contracts	\$ 5,202	\$ 15,442	\$ 20,644	\$ 1,817,819	\$ 1,838,463
Other child program contracts	-	-	-	-	-
Other program contracts	-	-	-	-	-
Child program contributions	-	-	-	18,792	18,792
Other program contributions	-	-	-	-	-
Investment income	-	-	-	33	33
Miscellaneous receipts	-	-	-	86	86
Net assets released	-	-	-	-	-
Total revenue and support	<u>\$ 5,202</u>	<u>\$ 15,442</u>	<u>\$ 20,644</u>	<u>\$ 1,836,730</u>	<u>\$ 1,857,374</u>
Expenses:					
Certificated salaries	-	-	-	-	-
Classified salaries	-	\$ 12,813	\$ 12,813	\$ 258,008	\$ 270,821
Employees benefits	-	2,172	2,172	59,519	61,691
Books and supplies	-	11	11	7,967	7,978
Rents and leases	-	446	446	36,579	37,025
Other operating expenses	\$ 5,202	-	5,202	855,999	861,201
Depreciation	-	-	-	1,347	1,347
In-kind contribution expense	-	-	-	-	-
General, administrative, and indirect	-	-	-	20,683	20,683
Total expenses	<u>\$ 5,202</u>	<u>\$ 15,442</u>	<u>\$ 20,644</u>	<u>\$ 1,240,102</u>	<u>\$ 1,260,746</u>

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

**CHILDREN'S NETWORK OF SOLANO COUNTY
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
YEAR ENDED JUNE 30, 2021**

	Contracts		Total CDE
	CLPC 9047	CLPC 0048	
Expenses:			
1000 Certificated salaries	-	-	-
2000 Classified salaries	-	\$ 12,813	\$ 12,813
3000 Employee benefits	-	2,172	2,172
4000 Books and supplies	-	11	11
5000 Services/Other operating expense	\$ 5,202	446	5,648
6100/6200 Other approved capital outlay	-	-	-
6400 New equipment	-	-	-
6500 Replacement	-	-	-
Depreciation on assets	-	-	-
Indirect costs	-	-	-
Total expenses claimed for reimbursement	5,202	15,442	20,644
Total supplemental expenses	-	-	-
Total expenses	<u>\$ 5,202</u>	<u>\$ 15,442</u>	<u>\$ 20,644</u>

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

**CHILDREN'S NETWORK OF SOLANO COUNTY
RECONCILIATION OF CDE AND GAAP EXPENSE REPORTING
YEAR ENDED JUNE 30, 2021**

	Contracts		Total
	CLPC 9047	CLPC 0048	
Schedule of expenditures by State Categories (CDE)	\$ 5,202	\$ 15,442	\$ 20,644
Audit fees expenses on AUD forms (in advance of services)	-	-	-
Combining statement of activities (GAAP)	\$ 5,202	\$ 15,442	\$ 20,644

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

**CHILDREN'S NETWORK OF SOLANO COUNTY
SCHEDULE OF REIMBURSIBLE EQUIPMENT EXPENDITURES
YEAR ENDED JUNE 30, 2021**

	Contracts		
	CLPC 9047	CLPC 0048	Total
Unit cost under \$7,500 per item:			
None	\$ -	\$ -	\$ -
Unit cost over \$7,500 per item with prior written approval:			
None	-	-	-
Unit cost over \$7,500 per item without prior written approval:			
None	-	-	-
Total expenditures	\$ -	\$ -	\$ -

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

CHILDREN'S NETWORK OF SOLANO COUNTY
SCHEDULE OF REIMBURSIBLE EXPENDITURES FOR RENOVATIONS AND REPAIRS
YEAR ENDED JUNE 30, 2021

	Contracts		
	CLPC 9047	CLPC 0048	Total
Unit cost under \$10,000 per item:			
None	\$ -	\$ -	\$ -
Unit cost over \$10,000 per item with prior written approval:			
None	-	-	-
Unit cost over \$10,000 per item without prior written approval:			
None	-	-	-
 Total expenditures	 \$ -	 \$ -	 \$ -

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

**CHILDREN'S NETWORK OF SOLANO COUNTY
SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS
YEAR ENDED JUNE 30, 2021**

	Contracts		Total
	CLPC 9047	CLPC 0048	
Expenses:			
Clerical and other office wages	\$ -	\$ -	\$ -
Social Security	-	-	-
Health and welfare benefits	-	-	-
Workers compensation	-	-	-
Legal, election and audit	-	-	-
Other services and operating expense	-	-	-
Indirect cost allocation	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

A U D 9529 Page 1 of 4

Fiscal Year Ending **June 30, 2021**

Contract Number **CLPC 9047**

Vendor Code **Z157**

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

Section 1 - Revenue

Revenue Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Match Requirement (CCIP and CLPC only)	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 - Match Requirement (CCIP and CLPC only)				
Unrestricted Income - Other:				
Total Revenue	12,500			12,500

Full Name of Contractor CHILDREN'S NETWORK OF SOLANO COUNTY

Section 2 - Reimbursable Expenses

Reimbursable Expense Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries				
2000 Classified Salaries	34,564			34,564
3000 Employee Benefits	5,669			5,669
4000 Books and Supplies	1,261			1,261
5000 Services and Other Operating Expenses	25,735	5,202		30,937
6100/6200 Other Approved Capital Outlay				
6400 New Equipment (program-related)				
6500 Equipment Replacement (program-related)				
Depreciation or Use Allowance				
Indirect Costs (include in Total Administrative Cost)	6,723			6,723
Non-Reimbursable (State use only)				
Total Reimbursable Expenses	73,952	5,202		79,154
Total Administrative Cost (included in Section 2 above)	6,723			6,723

Approved Indirect Cost Rate: 10.0%

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

Full Name of Contractor CHILDREN'S NETWORK OF SOLANO COUNTY

Section 3 - Supplemental Revenue

Supplemental Revenue Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding				
Other:				
Other:				
Total Supplemental Revenue				

Section 4 - Supplemental Expenses

Supplemental Expense Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries				
2000 Classified Salaries				
3000 Employee Benefits				
4000 Books and Supplies				
5000 Services and Other Operating Expenses				
6000 Equipment / Capital Outlay				
Depreciation or Use Allowance				
Indirect Costs				
Non-Reimbursable Supplemental Expenses				
Total Supplemental Expenses				

Full Name of Contractor CHILDREN'S NETWORK OF SOLANO COUNTY

Section 5 - Summary

Summary Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Program Income	12,500			12,500
Restricted Income - Match Requirement (CCIP and CLPC only)	12,500			12,500
Unrestricted Income - Match Requirement				
Interest Earned on Child Development Apportionment Payments				
Total Reimbursable Expenses	73,952	5,202		79,154
Total Administrative Cost	6,723			6,723

Comments:

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

A U D 9529 Page 1 of 4

Fiscal Year Ending **June 30, 2021**

Contract Number **CLPC 0048**

Vendor Code **Z157**

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

Section 1 - Revenue

Revenue Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Match Requirement (CCIP and CLPC only)	0			0
Restricted Income - County Maintenance of Effort (EC Section 8279)				
Restricted Income - Other:				
Restricted Income - Subtotal	0			0
Interest Earned on Child Development Apportionment Payments				
Unrestricted Income - Match Requirement (CCIP and CLPC only)				
Unrestricted Income - Other:				
Total Revenue	0			0

Full Name of Contractor CHILDREN'S NETWORK OF SOLANO COUNTY

Section 2 - Reimbursable Expenses

Reimbursable Expense Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries				
2000 Classified Salaries		12,813		12,813
3000 Employee Benefits		2,172		2,172
4000 Books and Supplies		11		11
5000 Services and Other Operating Expenses		446		446
6100/6200 Other Approved Capital Outlay				
6400 New Equipment (program-related)				
6500 Equipment Replacement (program-related)				
Depreciation or Use Allowance				
Indirect Costs (include in Total Administrative Cost)	0			0
Non-Reimbursable (State use only)				
Total Reimbursable Expenses	0	15,442		15,442
Total Administrative Cost (included in Section 2 above)	0			0

Approved Indirect Cost Rate: 10.0%

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

Full Name of Contractor CHILDREN'S NETWORK OF SOLANO COUNTY

Section 3 - Supplemental Revenue

Supplemental Revenue Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding				
Other:				
Other:				
Total Supplemental Revenue				

Section 4 - Supplemental Expenses

Supplemental Expense Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries				
2000 Classified Salaries				
3000 Employee Benefits				
4000 Books and Supplies				
5000 Services and Other Operating Expenses				
6000 Equipment / Capital Outlay				
Depreciation or Use Allowance				
Indirect Costs				
Non-Reimbursable Supplemental Expenses				
Total Supplemental Expenses				

Full Name of Contractor CHILDREN'S NETWORK OF SOLANO COUNTY

Section 5 - Summary

Summary Category	Column A1 Cumulative Prior Year AUD 9529 (Multi-Year Contract Only)	Column A2 Cumulative Current Year CDNFS 9529	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Program Income	0			0
Restricted Income - Match Requirement (CCIP and CLPC only)	0			0
Unrestricted Income - Match Requirement				
Interest Earned on Child Development Apportionment Payments				
Total Reimbursable Expenses	0	15,442		15,442
Total Administrative Cost	0			0

Comments:



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children’s Network of Solano County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, CA
January 27, 2022

**CHILDREN'S NETWORK OF SOLANO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered material weaknesses? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ Yes X None reported

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
N/A	N/A

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

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

**CHILDREN'S NETWORK OF SOLANO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section II – Financial statement Findings

Nothing to report

Section III – Federal Award Findings and Questioned Costs

Nothing to report

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

None reported