

Fresno State Programs for Children, Inc.

2015-16 Annual Report

**Approved by the Board of Directors
September 14, 2016**

**FRESNO STATE PROGRAMS FOR CHILDREN, INC.
CAMPUS CHILDREN'S CENTER/EARLY EDUCATION CENTER
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GENERAL INFORMATION

Fresno State Programs For Children, Inc.

Federal Grant Project No. 10-Q621-00-5136-2

Federal Grant Project No. 10-Q621-00-3609-2

Child Development Contract Project No. 10-Q621-00-3254-2

Child Development Contract Project No. 10-Q621-00-3038-2

Federal Grant Project No. 10-Q621-00-5136-2

Federal Grant Project No. 10-Q621-00-3609-2

Child Development Contract Project No. 10-Q621-00-3254-2

Child Development Contract Project No. 10-Q621-00-24861-1

Nonprofit Corporation

Address:

California State University, Fresno Auxiliary Corporations
2771 E. Shaw Avenue
Fresno, California 93710-8205
(559) 278-0800

For the period July 1, 2015 through June 30, 2016

Days of Operation: 236

Schedule of Operation Each Day:

Opening Time - 7:30 a.m. - Sites II, III, IV

Closing Time - 5:30 p.m. - Sites II, III, IV

**FRESNO STATE PROGRAMS FOR CHILDREN, INC.
CORPORATE INFORMATION
For the Fiscal Year Ended June 30, 2016**

BOARD OF DIRECTORS

Deborah S. Adishian-Astone	Fresno, California
Taylan Bennett	Fresno, California
Virginia Crisco	Fresno, California
Kathie Reid-Bevington	Fresno, California
Linda Rodriguez (resigned 11/3/15)	Fresno, California
Colleen Torgerson	Fresno, California
Sandra Witte	Fresno, California
Mehrzaad Zarrin	Fresno, California

CORPORATE OFFICERS

Sandra Witte	Chair
Colleen Torgerson	Vice Chair
Deborah S. Adishian-Astone	Treasurer
Kathie Reid-Bevington	Secretary

CORPORATE DATA

Executive Offices	2771 East Shaw Avenue Fresno, California 93710-8205 Telephone (559) 278-0800
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Auditors	Price Paige and Company 677 Scott Avenue Clovis, California 93612 Telephone (559) 299-9540
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fresno State Programs for Children, Inc.
Fresno, California

We have audited the accompanying financial statements of Fresno State Programs for Children, Inc. (Programs for Children), a nonprofit organization, which comprise the statements of financial position as of June 30, 2015 and 2016, and the related statements of activities 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Programs for Children'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 Program for Children's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fresno State Programs for Children, Inc. as of June 30, 2015 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

677 Scott Avenue
Clovis, CA 93612
tel 559.299.9540
fax 559.299.2344

Other Matters

Additional Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal and state awards on page 13 and the information reflected on pages 14-26 are presented as required by the Audit Guide for Audits of Child Development and Nutritional Programs issued by the California Department of Education. The information reflected on pages 31-36 is presented, as required by the Chancellor of the California State University, for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2016, on our consideration of Programs for Children'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 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 Programs for Children's internal control over financial reporting and compliance.

Price Page & Company

Clovis, California
September 2, 2016

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2016

ASSETS	<u>2015</u>	<u>2016</u>
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ 763,629	\$ 633,968
Accounts Receivable - Contracts	3,932	29,492
Accounts Receivable - Other	92,258	195,512
Prepaid Expenses - Deposits	<u>6,464</u>	<u>4,208</u>
Total Current Assets	<u>866,283</u>	<u>863,180</u>
Fixed Assets:		
Equipment	44,656	101,340
Less Accumulated Depreciation	<u>(43,586)</u>	<u>(44,656)</u>
Total Fixed Assets	<u>1,070</u>	<u>56,684</u>
TOTAL ASSETS	<u><u>\$ 867,353</u></u>	<u><u>\$ 919,864</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses (Note 5)	<u>\$ 130,134</u>	<u>\$ 102,202</u>
Net Assets:		
Unrestricted:		
Undesignated	687,219	767,662
Designated	50,000	50,000
Total Unrestricted Net Assets	<u>737,219</u>	<u>817,662</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 867,353</u></u>	<u><u>\$ 919,864</u></u>

The accompanying notes are an integral part of the financial statements

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2016

	<u>2015</u>	<u>2016</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues:		
State Apportionment	\$ 461,682	\$ 610,862
Federal Funds	346,317	349,155
University Contributions (Note 7)	92,810	31,560
Day Care Fees - Parent Fees	253,493	267,230
Student Body Fees (Note 7)	386,921	401,919
Interest Income	1,425	1,669
Miscellaneous	20,525	4,178
Total Revenues	<u>1,563,173</u>	<u>1,666,573</u>
Expenses:		
Program Expenses - Child Care	1,425,578	1,469,164
Management and General	102,880	116,966
Total Expenses (Note 8)	<u>1,528,458</u>	<u>1,586,130</u>
Increase (Decrease) in Net Assets	34,715	80,443
Net Assets at Beginning of Year	<u>702,504</u>	<u>737,219</u>
Net Assets at End of Year	<u><u>\$ 737,219</u></u>	<u><u>\$ 817,662</u></u>

The accompanying notes are an integral part of the financial statements

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2016

	<u>2015</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(Decrease) in Net Assets	\$ 34,715	\$ 80,443
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	1,070	1,070
Changes In:		
Accounts Receivable	(19,445)	(128,815)
Prepaid Expenses - Deposits	11,057	2,256
Accounts Payable and Accrued Expenses	<u>43,441</u>	<u>(27,931)</u>
Net Cash Provided/(Used) by Operating Activities	<u>70,838</u>	<u>(72,977)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	<u>-</u>	<u>(56,684)</u>
Net Cash Provided/(Used) by Investing Activities	<u>-</u>	<u>(56,684)</u>
 Net Increase/(Decrease) in Cash	70,838	(129,661)
 Cash and Cash Equivalents at Beginning of Year	<u>692,791</u>	<u>763,629</u>
 Cash and Cash Equivalents at End of Year	<u>\$ 763,629</u>	<u>\$ 633,968</u>
 CASH FLOW INFORMATION		
Income Taxes Paid	<u>\$ 9,658</u>	<u>\$ 1,496</u>

The accompanying notes are an integral part of the financial statements

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2016

Note 1 - General Information

Fresno State Programs for Children, Inc. ("Programs for Children") was incorporated on December 3, 1996, and began operations on July 1, 1999, as a separate non-profit corporation. The Corporation provides child care services primarily for college students, faculty, staff and local community members in three sites at California State University, Fresno.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Programs for Children have been prepared on the accrual basis of accounting. This method accounts for revenues and expenses in the period in which they are considered to have been earned and incurred, respectively. The significant accounting policies of Programs for Children are described below to enhance the usefulness of the financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Fund Accounting

Programs for Children receives revenues from state and federal grants for program operations. To ensure observance of limitations placed on the use of resources available to Programs for Children, the accounts are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established in accordance to their nature and purpose.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, cash includes short-term highly liquid investments with an initial maturity of three months or less.

Accounts Receivable-Other

Accounts receivable—other are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Included in accounts receivable at June 30, 2016 are amounts relating to uncollectible daycare fees – parents. Allowances for doubtful accounts in the amounts of \$2,500 and \$6,000 have been established for years ending June 30, 2015 and 2016, respectively.

Note 2 – Summary of Significant Accounting Policies, continued

Fixed Assets

Fixed Assets are reflected on the financial statements at cost less accumulated depreciation. Depreciation is computed using straight-line rates based on the estimated useful lives, ranging from three to ten years. The organization capitalizes all expenditures in excess of \$5,000.

401(k) Plan

Programs for Children has a 401(k) plan which covers eligible employees meeting age and length of service requirements. Eligible employees contribute to the plan with salary deferrals. Programs for Children matches the first 5% of employee deferrals. Contributions to the plan for the years ended June 30, 2015 and 2016, totaled \$6,217 and \$2,087 and are included in employee benefits.

Tax Status

Programs for Children is organized and operated exclusively for educational purposes and is thus allowed tax exempt status under provisions of section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code. However, income for certain activities not directly related to Programs for Children’s tax-exempt purpose is subject to taxation as unrelated business income.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in Note 8 – Expenses by Natural Classification. Accordingly, certain costs have been allocated among programs and supporting services.

Note 3 – Cash and Cash Equivalents

Cash at June 30 consisted of the following:

	<u>2015</u>	<u>2016</u>
Deposits:		
Cash On-Hand and in Banks	\$737,844	\$608,090
Pooled Funds:		
Cash in State of California Local Agency Investment Funds	<u>25,785</u>	<u>25,878</u>
Total	<u>\$763,629</u>	<u>\$633,968</u>

At June 30, 2016, the FDIC insures cash balances held in interest and noninterest-bearing accounts combined up to \$250,000. At June 30, 2015 and 2016, Programs for Children’s uninsured cash balances at Citibank totaled \$488,383 and \$381,951 respectively.

Programs for Children maintains some of its cash in the State of California Local Agency Investment Fund. The state pools these funds with those of other organizations and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is remitted quarterly to Programs for Children. Any investment losses are proportionately shared by all funds in the pool.

Note 4 – Fair Value Measurements

Generally accepted accounting principles define fair value 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. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest propriety to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant observable input (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounts cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The table below presents the balance of assets measured at fair value on a recurring basis at June 30:

<u>2015</u>	<u>Fair Value</u>	<u>Level 1</u>
Cash and Cash Equivalents	<u>\$763,629</u>	<u>\$763,629</u>
Totals	<u>\$763,629</u>	<u>\$763,629</u>

<u>2016</u>	<u>Fair Value</u>	<u>Level 1</u>
Cash and Cash Equivalents	<u>\$633,968</u>	<u>\$633,968</u>
Totals	<u>\$633,968</u>	<u>\$633,968</u>

Note 5 – Accounts Payable and Accrued Expenses

Included in accounts payable are the unspent California Department of Education (CDE) funds for the years ended June 30:

<u>Contract</u>	<u>2015</u>	<u>2016</u>
CCTR	\$ 34,699	\$ 14,470
CSPP	22,457	11,411
CRPM	-	254
	<u>\$ 57,156</u>	<u>\$ 26,135</u>

The amounts will be repaid to the CDE only after the CDE has closed the years' contracts and has notified the Programs for Children to repay the funds.

Note 6 – Contingencies

Programs for Children has received California Department of Education funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, it is believed that any required reimbursements will not be material. Programs for Children receives approximately 58% of its revenues from State and Federal contracts. A reduction in the amounts obtained from contracts could impact the operations of Programs for Children.

Note 7 - Related Parties

Programs for Children had transactions with California State University, Fresno during the year ended June 30 as follows:

An allocation was received from the University's Division of Student Affairs to supplement Programs for Children operations of \$31,560 for each of the years ended June 30, 2015 and June 30, 2016.

The Jordan College of Agriculture Science and Technology contributed \$27,440 and \$0 for the years ended June 30, 2015 and June 30, 2016, respectively. The Kremen School of Education and Human Development contributed \$28,810 and \$0 for the years ended June 30, 2015 and June 30, 2016, respectively.

Student Body Fee income allocated to Programs for Children amounted to \$386,921 for the year ended June 30, 2015 and \$401,919 for the year ended June 30, 2016. At June 30, 2015, the Programs for Children had a receivable from the University of \$62,403 and a payable to the University of \$0 for salary/wages reimbursement. At June 30, 2016, Programs for Children had a receivable from the University of \$191,045 and a payable to the University of \$94 for salary/wages and other expense reimbursement.

Facility Lease for use of University premises effective July 1, 2011 through June 30, 2016. Reimbursement of University resources has been set forth by the Memorandum of Understanding (MOU). Based on the terms set forth by the MOU, Programs for Children paid to the University \$0 for both years for administration fees; and \$0 for facilities/maintenance fees for the year ended June 30, 2015 and June 30, 2016.

In addition to the University, Programs for Children is related to California State University, Fresno Association ("Association") due to common management of the two entities. Programs for Children had the following transactions with the Association during the years ended June 30, 2015 and 2016:

Pursuant to a management services agreement, Programs for Children pays administrative fees to the Association for management services. The administrative fees for the years ended June 30, 2015 and 2016 were \$68,206, based on services rendered.

Programs for Children has transactions with the Association. The amounts due the Association from Programs for Children were \$220 and \$202 at June 30, 2015 and 2016, respectively.

Programs for Children has transactions with the Agricultural Foundation of California State University, Fresno. The amounts due the Agricultural Foundation from the Programs for Children were \$90 and \$61 at June 30, 2015 and 2016, respectively.

Note 8 – Expenses by Natural Classification

The following is a detailed list of expenses by natural classification for the year ended June 30:

	2015			2016		
	Program	General & Administrative	Total	Program	General & Administrative	Total
Certificated Salaries:						
Teachers	\$405,987		\$405,987	\$400,218		\$400,218
Supervisors	148,744		148,744	90,435		90,435
Classified Salaries:						
Instructional Aides	288,626		288,626	336,495		336,495
Clerical	43,487		43,487	46,739		46,739
Other	40,693		40,693	70,409		70,409
Administration Fees		\$102,880	102,880		\$116,966	116,966
Employee Benefits	319,946		319,946	289,308		289,308
Food Services:						
Food	67,218		67,218	58,540		58,540
Personnel	45,207		45,207	42,158		42,158
Other Food Expenses	3,254		3,254	1,878		1,878
Instructional Supplies	13,819		13,819	71,736		71,736
Other Supplies	13,273		13,273	12,914		12,914
Travel/Training	685		685	11,288		11,288
Telephone	3,755		3,755	3,467		3,467
Depreciation	1,070		1,070	1,070		1,070
Other Operating Expenses	29,814		29,814	32,509		32,509
	<u>\$1,425,578</u>	<u>\$102,880</u>	<u>\$1,528,458</u>	<u>\$1,469,164</u>	<u>\$116,966</u>	<u>\$1,586,130</u>

Note 9 – Subsequent Events

Subsequent events have been evaluated through September 2, 2016, which is the date the financial statements were available to be issued, noting no matters requiring disclosure in the financial statements for the year ended June 30, 2016.

Note 10 - Uncertain Tax Positions

Programs for Children has qualified as a non-profit organization and has been granted tax-exempt status pursuant to the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d) and is exempt from Federal and State of California income taxes.

Generally accepted accounting principles provides accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Programs for Children's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
Campus Children's Center/Early Education Center
Child Care Food Program - Centers
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2016

Program Name	Federal CFDA Number	Program or Award Amount	Revenue Recognized	Expenditures
Federal:				
U.S. Department of Health and Human Services				
Pass-through California Department of Education				
Child Care Food Program 04549-CACFP-10-NP-CS	10.558	\$ 71,594	\$ 71,594	\$ 71,594
Child Care and Development (CCDF) Cluster				
Child Development Programs CCTR-5032 3609-1	93.596	128,334	117,192	117,192
Child Development Programs CCTR-5032 5136-1	93.575	67,979	62,077	62,077
Child Development Programs CSPP-5066 3609-1	93.596	73,189	73,189	73,189
Child Development Programs CSPP-5066 5136-1	93.575	<u>25,103</u>	<u>25,103</u>	<u>25,103</u>
Total U.S. Department of Health and Human Services		<u>366,199</u>	<u>349,155</u>	<u>349,155</u>
Total Federal Assistance		<u>\$ 366,199</u>	<u>\$ 349,155</u>	<u>\$ 349,155</u>
State:				
Quality Rating and Improvement System Block Grant 63241		\$ 150,000	\$ 150,000	\$ 150,000
Child Development Programs CCTR-5032 3254-1		254,020	249,122	249,122
Child Development Programs CSPP-5066 3254-1		93,938	79,074	79,074
Child Development Programs CSPP-5066 3038-1		<u>157,604</u>	<u>132,666</u>	<u>132,666</u>
Total California Department of Education		<u>655,562</u>	<u>610,862</u>	<u>610,862</u>
Total State Assistance		<u>\$ 655,562</u>	<u>\$ 610,862</u>	<u>\$ 610,862</u>

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) presents the activity of all federal and state award programs of the Fresno State Programs for Children, Inc. The Schedule includes federal awards passed through other agencies and nonfederal awards.

The accompanying Schedule is 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.

**FRESNO STATE PROGRAMS FOR CHILDREN, INC.
 CAMPUS CHILDREN'S CENTER/ EARLY EDUCATION CENTER
 COMBINING STATEMENT OF ACTIVITIES
 JUNE 30, 2016**

	<u>CCTR-5032</u>	<u>CSPP-5066</u>	<u>Total</u>
Revenues:			
State Apportionment	\$ 249,122	\$ 361,740	\$ 610,862
Federal Funds	179,269	98,292	277,561
Child Care Food Program	71,594	-	71,594
University Contributions	31,560	-	31,560
Day Care Fees - Parent Fees	267,230	-	267,230
Student Body Fees	401,919	-	401,919
Interest Income	1,669	-	1,669
Miscellaneous	4,178	-	4,178
	<u>1,206,541</u>	<u>460,032</u>	<u>1,666,573</u>
Total Revenues			
Expenses:			
Program Expenses - Child Care	936,997	540,408	1,477,405
Management and General	73,605	35,120	108,725
	<u>1,010,602</u>	<u>575,528</u>	<u>1,586,130</u>
Total Expenses			
Change in Net Assets	<u>195,939</u>	<u>(115,496)</u>	<u>80,443</u>

The accompanying notes are an integral part of the financial statements

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
Campus Children's Center/Early Education Center
Schedule of Expenditures by State Categories
For the Year Ended June 30, 2016

	<u>CCTR-5032</u>	<u>CSPP-5066</u>	<u>Total CDE Contracts</u>
1000 Certificated Personnel Salaries	\$ 332,161	\$ 158,492	\$ 490,653
2000 Classified Personnel Salaries	328,595	156,790	485,385
3000 Employee Benefits	195,855	93,453	289,308
4000 Books and Supplies	64,345	30,702	95,047
5000 Services and Other Operating Expenses	89,646	42,775	132,421
	<hr/>		
Total Expenses Claimed for Reimbursement	\$ 1,010,602	\$ 482,212	\$ 1,492,814
Total Supplemental Expenses	0	150,000	150,000
	<hr/>		
Total Expenditures	\$ 1,010,602	\$ 632,212	\$ 1,642,814
	<hr/> <hr/>		

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

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
Campus Children's Center/Early Education Center
Reconciliation of CDE and GAAP Expense Reporting
For the Year Ended June 30, 2016

	<u>CCTR-5032</u>	<u>CSPP-5066</u>	<u>Total CDE Contracts</u>
Schedule of Expenditures by State Categories (CDE)	\$ 1,010,602	\$ 632,212	\$ 1,642,814
Adjustments to Reconcile Difference in Reporting:			
Capitalized Renovation and Repairs Expensed on AUD Forms	\$ -	\$ (56,684)	\$ (56,684)
Subtotal	-	(56,684)	(56,684)
Combining Statement of Activities (GAAP)	<u>\$ 1,010,602</u>	<u>\$ 575,528</u>	<u>\$ 1,586,130</u>

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
Schedule of Reimbursable Equipment Expenditures
Year Ended June 30, 2016

<u>Unit Cost Under \$7,500 Per Item</u>	<u>CCTR-5032</u>	<u>CSPP-5066</u>	<u>CRPM-3008</u>	<u>Total Costs</u>
None	\$ -	\$ -	\$ -	\$ -
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Unit Cost Over \$7,500 Per Item</u>				
<u>With Prior Written Approval</u>				
None	\$ -	\$ -	\$ -	\$ -
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Unit Cost Over \$7,500 Per Item</u>				
<u>Without Prior Written Approval</u>				
None	\$ -	\$ -	\$ -	\$ -
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Renovation and Repair Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Fresno State Programs for Children, Inc.'s capitalization threshold is \$5,000 or more.

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
Schedule of Renovation and Repair Expenditures
Year Ended June 30, 2016

<u>Unit Cost Under \$10,000 Per Item</u>	<u>CCTR-5032</u>	<u>CSPP-5066</u>	<u>CRPM-3008</u>	<u>Total Costs</u>
Miscellaneous Repairs	\$ 5,973	\$ 2,850	\$ -	\$ 8,823
Subtotal	<u>5,973</u>	<u>2,850</u>	<u>-</u>	<u>8,823</u>
<u>Unit Cost Over \$10,000 Per Item</u>				
<u>With Prior Written Approval</u>				
None	\$ -	\$ -	\$ -	\$ -
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Unit Cost Over \$10,000 Per Item</u>				
<u>Without Prior Written Approval</u>				
Early Education Center Playground Improvements	\$ -	\$ 56,684	\$ -	\$ 56,684
Subtotal	<u>-</u>	<u>56,684</u>	<u>-</u>	<u>56,684</u>
Total Renovation and Repair Expenditures	<u>\$ 5,973</u>	<u>\$ 59,534</u>	<u>\$ -</u>	<u>\$ 65,507</u>

Note: Fresno State Programs for Children, Inc.'s capitalization threshold is \$5,000 or more.

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
Combining Schedule of Administrative Costs
Year Ended June 30, 2016

Reimbursable Administrative Costs	<u>CCTR-5032</u>	<u>CSPP-5066</u>	<u>CRPM-3008</u>	<u>Total CDE</u>
Insurance	\$ 6,928	\$ 3,305	\$ -	\$ 10,233
Office Supplies	6,481	3,093	-	9,574
Accounting Fees	46,174	22,032	-	68,206
Audit Fees	13,143	6,271	-	19,414
Other Operating Expenses	879	419	-	1,298
Total Administrative Costs	<u>\$ 73,605</u>	<u>\$ 35,120</u>	<u>\$ -</u>	<u>\$ 108,725</u>

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Programs

Agency Name: Fresno State Programs for Children, Inc Vendor No. Q621

Fiscal Year Ended: June 30, 2016 Contract No. CSPP-5066

Independent Auditor's Name: Price, Paige and Company

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	111		111	1.1800	130.980
Full-time	6,509		6,509	1.0000	6,509.000
Three-quarters-time	2,153		2,153	0.7500	1,614.750
One-half-time	297		297	0.6195	183.992
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6195	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6195	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6195	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6195	-
TOTAL DAYS OF ENROLLMENT	9,070	-	9,070		8,438.722
DAYS OF OPERATION	236		236		
DAYS OF ATTENDANCE	9,070		9,070		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: Fresno State Programs for Children, Inc Vendor No. Q621

Fiscal Year End: June 30, 2016 Contract No. CSPP-5066

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs			\$0
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$0	\$0	\$0
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
Subtotal	\$0	\$0	\$0
Family Fees for Certified Children	12,074		12,074
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
TOTAL REVENUE	\$12,074	\$0	\$12,074

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	158,492		158,492
2000 Classified Salaries	156,790		156,790
3000 Employee Benefits	95,498	(2,045)	93,453
4000 Books and Supplies	30,555	147	30,702
5000 Services and Other Operating Expenses	42,720	55	42,775
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$484,055	(\$1,843)	\$482,212
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$34,983	\$137	\$35,120

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

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

YES

NO - Explain any discrepancies.

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

YES

NO - Explain any discrepancies.

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

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs**

Agency Name: Fresno State Programs for Children, Inc Vendor No. Q621

Fiscal Year End: June 30, 2016 Contract No. CSPP-5066

SECTION V - SUPPLEMENTAL REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
Enhancement Funding			\$0
Other (Specify): QRIS Block Grant	150,000		150,000
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$150,000	\$0	\$150,000

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$11,157		\$11,157
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	65,081		65,081
5000 Services and Other Operating Expenses	17,078		17,078
6000 Equipment/Other Capital Outlay	56,684		56,684
Depreciation or Use Allowance			0
Indirect Costs			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$150,000	\$0	\$150,000

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

AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs

Agency Name: Fresno State Programs for Children, Inc Vendor No. Q621

Fiscal Year Ended: June 30, 2016 Contract No. CCTR-5032

Independent Auditor's Name: Price, Paige and Company

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-		-	2.006	-
Full-time	1,222		1,222	1.700	2,077.400
Three-quarters-time	850		850	1.275	1,083.750
One-half-time	115		115	0.935	107.525
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	45		45	1.652	74.340
Full-time	3,896		3,896	1.400	5,454.400
Three-quarters-time	1,418		1,418	1.050	1,488.900
On-half-time	187		187	0.770	143.990
<i>Three Years and Older</i>					
Full-time-plus	-		-	1.180	-
Full-time	719		719	1.000	719.000
Three-quarters-time	243		243	0.750	182.250
One-half-time	91		91	0.550	50.050
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	8,786	-	8,786		11,381.605
DAYS OF OPERATION	236		236		
DAYS OF ATTENDANCE	8,786		8,786		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: Fresno State Programs for Children, Inc Vendor No. Q621

Fiscal Year Ended: June 30, 2016 Contract No. CCTR-5032

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>					
Full-time-plus	-		-	2.006	-
Full-time	77		77	1.700	130.900
Three-quarters-time	-		-	1.275	-
One-half-time	-		-	0.935	-
<i>FCCH Infants (up to 18 months)</i>					
Full-time plus	-		-	1.652	-
Full-time	-		-	1.400	-
Three-quarters-time	-		-	1.050	-
One-half-time	-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	62		62	1.652	102.424
Full-time	1,072		1,072	1.400	1,500.800
Three-quarters-time	15		15	1.050	15.750
On-half-time	-		-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus	143		143	1.180	168.740
Full-time	3,593		3,593	1.000	3,593.000
Three-quarters-time	879		879	0.750	659.250
One-half-time	242		242	0.550	133.100
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.416	-
Full-time	-		-	1.200	-
Three-quarters-time	-		-	0.900	-
One-half-time	-		-	0.660	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.298	-
Full-time	-		-	1.100	-
Three-quarters-time	-		-	0.825	-
One-half-time	-		-	0.605	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.770	-
Full-time	-		-	1.500	-
Three-quarters-time	-		-	1.125	-
One-half-time	-		-	0.825	-
TOTAL DAYS OF ENROLLMENT	6,083	-	6,083		6,303.964

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT
for General or Migrant Center-Based Programs**

Agency Name: Fresno State Programs for Children, Inc Vendor No. Q621

Fiscal Year End: June 30, 2016 Contract No. CCTR-5032

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$71,594		\$71,594
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	\$71,594	\$0	\$71,594
Transfer from Reserve			0
Family Fees for Certified Children	7,411		7,411
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	247,745		247,745
Head Start Program (EC § 8235(b))			0
Other (Specify):	439,110	216	439,326
TOTAL REVENUE	\$765,860	\$216	\$766,076

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	332,161		332,161
2000 Classified Salaries	328,595		328,595
3000 Employee Benefits	200,142	(4,287)	195,855
4000 Books and Supplies	64,036	309	64,345
5000 Services and Other Operating Expenses	89,532	114	89,646
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)			0
6500 Replacement Equipment (<i>program-related</i>)			0
Depreciation or Use Allowance			0
Start-Up Expenses (<i>service level exemption</i>)			0
Budget Impasse Credit			0
Indirect Costs Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$1,014,466	(\$3,864)	\$1,010,602
TOTAL ADMINISTRATIVE COSTS (<i>included in section IV above</i>)	\$73,317	\$288	\$73,605
FOR CDE-A&I USE ONLY:			

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

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

YES

NO - Explain any discrepancies.

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

YES

NO - Explain any discrepancies.

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

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED FISCAL REPORT
for Child Development CRPM Support Contracts**

Agency Name: Fresno State Programs for Children, Inc Vendor No. Q621

Fiscal Year End: June 30, 2016 Contract No. CRPM-3008

Contract Term From: 7/1/2013 To: 6/30/2016

Independent Auditor's Name: Price, Paige and Company

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	PRIOR YEAR'S AUD 9529-CRPM ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529- CRPM	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
SECTION I - REVENUE				
RESTRICTED INCOME				
Prorated Portion for Nonsubsidized Enrollment				\$0
Other (Specify):				0
Other (Specify):				0
Other (Specify):				0
Subtotal	\$0	\$0	\$0	\$0
INTEREST EARNED ON APPORTIONMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
Other (Specify):				0
TOTAL REVENUE	\$0	\$0	\$0	\$0

SECTION II - REIMBURSABLE EXPENSES				
1000 Certificated Salaries				\$0
2000 Classified Salaries				0
3000 Employee Benefits				0
4000 Books and Supplies				0
5000 Services and Other Operating Expenses				0
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment (<i>program-related</i>)	1,788		(254)	1,534
6500 Replacement Equipment (<i>program-related</i>)				0
Depreciation or Use Allowance				0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable Capital Outlay				0
Other (Specify):				0
Other (Specify):				0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT (Subsidized and Nonsubsidized)	\$1,788	\$0	(\$254)	\$1,534
FOR CDE-A&I USE ONLY:				

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

On previous CDFS 9529-CRPM forms, expenses were reported in full including reimbursable and non-reimbursable amounts. The expense amounts should have been reported at the prorated portion of the total costs for each site project based on percentage of subsidized enrollment (reimbursable amount). An adjustment of (\$254) has been made to correct the reimbursable expenses amount for the contract to \$1,534.



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
Fresno State Programs for Children, Inc.
Fresno, California

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 Fresno State Programs for Children, Inc. (Programs for Children), a nonprofit organization, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 2, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Programs for Children'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

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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 Programs for Children's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Programs for Children's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Price Page & Company

Clovis, California
September 2, 2016

**FRESNO STATE PROGRAMS FOR CHILDREN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiencies identified that are not considered to be material weakness(es)?	_____ Yes	<u> X </u> No
Noncompliance material to financial statements noted?	_____ Yes	<u> X </u> No

II. Findings – Financial Statement Audit

None reported

**FRESNO STATE PROGRAMS FOR CHILDREN, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

I. Findings – Financial Statement Audit

None reported

II. Findings and Questioned Costs – Federal and State Awards

Finding 2015-001

Program Income

Condition:

During our review of the family data files, we noted the following instances of non-compliance with program income requirements:

- There were two files where income was incorrectly calculated.
- There were two files where the amount charged to a family was incorrect.

Criteria:

The California Department of Education Audit Guide, Section 730 G and the respective Funding Terms and Conditions and Program Requirements for each contract outline the specific program income, fee schedule, and fee assessment requirements for children enrolled in the programs.

Cause:

For the two families whose income was incorrectly calculated, Programs for Children was extrapolating the income based on semi-monthly pay-periods rather than bi-weekly.

Effect:

The two families found were cumulatively undercharged by \$742.

Recommendation:

We recommend that Programs for Children implement a stronger review process to ensure that all income eligibility verification worksheets are properly calculated.

Management's Response:

Management concurs with the recommendation. The PFC Office Manager(s) incorrectly calculated eligible monthly income, thus undercharging two families for services. The Office Manager(s) will be re-trained in calculating income under California Department of Education audit guidelines and bill clients accordingly. In addition, to ensure that all income eligibility verification worksheets are properly calculated, the Director of Programs for Children will perform a secondary evaluation and calculation of income eligibility by reviewing 25% of subsidized families' files on a quarterly basis.

Status:

Implemented.

ADDITIONAL INFORMATION
FOR CALIFORNIA STATE UNIVERSITY, FRESNO

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
SCHEDULE OF NET POSITION
JUNE 30, 2016
(for inclusion in the California State University)

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 130,200
Short-term Investments	503,768
Accounts Receivable, Net	225,004
Prepaid Expenses and Other Assets	4,208
Total Current Assets	<u>863,180</u>

Noncurrent Assets:

Capital Assets, Net	<u>56,684</u>
Total Noncurrent Assets	<u>56,684</u>
Total Assets	<u>919,864</u>

Liabilities:

Current Liabilities:

Accounts Payable	79,461
Accrued Salaries and Benefits Payable	4,326
Accrued Compensated Absences, Current Portion	2,500
Unearned Revenue	-
Total Current Liabilities	<u>86,287</u>

Noncurrent Liabilities:

Accrued Compensated Absences, Net of Current Portion	<u>15,915</u>
Total Noncurrent Liabilities	<u>15,915</u>
Total Liabilities	<u>102,202</u>

Net Position:

Net Investment in Capital Assets	56,684
Unrestricted	<u>760,978</u>
Total Net Position	<u>\$ 817,662</u>

See Accompanying Independent Auditors' Report

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2016
(for inclusion in the California State University)

Revenues:

Operating Revenues:		
Student Tuition and Fees	\$	401,919
Grants and Contracts, Noncapital:		
Federal		349,155
State		610,862
Sales and Services of Auxiliary Enterprises (net of scholarship allowances of \$0)		267,230
Total Operating Revenues		<u>1,629,166</u>

Expenses:

Operating Expenses:		
Auxiliary Enterprise Expenses		1,585,060
Depreciation and Amortization		1,070
Total Operating Expenses		<u>1,586,130</u>
Operating Income		<u>43,036</u>

Nonoperating Revenues:

Gifts, noncapital		31,560
Investment Income, net		1,669
Other Nonoperating Revenues		4,178
Net Nonoperating Revenues		<u>37,407</u>
Increase in Net Position		80,443

Net Position:

Net Position at Beginning of Year, as Previously Reported		<u>737,219</u>
Net Position at End of Year	\$	<u><u>817,662</u></u>

See Accompanying Independent Auditors' Report

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
OTHER INFORMATION
JUNE 30, 2016
(for inclusion in the California State University)

1. Restricted Cash and Cash Equivalents at June 30, 2016:
Not Applicable

2.1 Composition of Investments at June 30, 2016:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Local Agency Investment Fund (LAIF)	25,878	0	25,878	0	0	0	25,878
Money Market funds	477,890	0	477,890	0	0	0	477,890
Total Investments	503,768	0	503,768	0	0	0	503,768

2.3 Restricted Current Investments at June 30, 2016 related to:
Not Applicable

2.4 Restricted Noncurrent Investments at June 30, 2016 related to:
Not Applicable

2.5 Fair value hierarchy in investments at June 30, 2016:

	Fair Value Measurements Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
State of California Local Agency Investment Fund (LAIF)	25,878	25,878	0	0	0
Money Market funds	477,890	477,890	0	0	0
Total Investments	503,768	503,768	0	0	0

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
OTHER INFORMATION
JUNE 30, 2016
(for inclusion in the California State University)

3.1 Composition of Capital Assets at June 30, 2016:

	Balance June 30, 2015	Prior Period Adjustments	Reclassifications	Balance June 30, 2015 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2016
Depreciable Capital Assets								
Personal Property: Equipment	44,656	0	0	44,656	56,684	0	0	101,340
Total Depreciable Capital Assets	44,656	0	0	44,656	56,684	0	0	101,340
Less Accumulated Depreciation								
Personal Property: Equipment	(43,586)	0	0	(43,586)	(1,070)			(44,656)
Total Accumulated Depreciation	(43,586)	0	0	(43,586)	(1,070)	0	0	(44,656)
Total Capital Assets, Net	1,070	0	0	1,070	55,614	0	0	56,684

3.2 Detail of Depreciation and Amortization Expense at June 30, 2016:

Depreciation and Amortization Expense Related to Capital Assets	1,070
Amortization Related to Other Assets	<u>0</u>
Total Depreciation and Amortization	<u><u>1,070</u></u>

4. Long-Term Liabilities Activity Schedule:

	Balance June 30, 2015	Prior Period Adjustments	Reclassifications	Balance June 30, 2015 (restated)	Additions	Reductions	Balance June 30, 2016	Current Portion	Long-Term Portion
Accrued Compensated Absences	26,044	0	0	26,044	38,523	(46,152)	18,415	2,500	15,915

5. Future Minimum Lease Payments:

Not Applicable

6. Long Term Debt Obligation Schedule:

Not Applicable

See Accompanying Independent Auditor's Report.

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
 OTHER INFORMATION
 JUNE 30, 2016
 (for inclusion in the California State University)

7. Calculation of Net Position:

7.1 Calculation of Net Position - Net Investment in Capital Assets:

	Auxiliary Organizations		Total Auxiliaries
	GASB	FASB	
Capital Assets, Net of Accumulated Depreciation	\$ -	\$ 56,684	\$ 56,684
Net Position - Net Investment in Capital Asset	\$ -	\$ 56,684	\$ 56,684

7.2 Calculation of Net Position - Restricted for Nonexpendable Endowments:

Not Applicable

8. Transactions with Related Entities

	Amount
Payments to University for salaries or University personnel working on contracts, grants and other programs	263,022
Payments to University for other than salaries of University personnel	10,255
Payments received from University for services, space, and programs	31,560
Amounts receivable from University	191,045
Amounts (payable to) University (enter as negative number)	(94)

9. Other Postemployment Benefits Obligation (OPEB):

Not Applicable

10. Pollution Remediation Liabilities under GASB Statement No. 49:

Not Applicable

11. The Nature and Amount of the Prior Period Adjustment(s) Recorded to Beginning Net Position:

Not Applicable