

Fresno State Programs for Children, Inc.

**2016-17
Annual Report**

Approved by the Board of Directors
September 14, 2017

**FRESNO STATE PROGRAMS FOR CHILDREN, INC.
CAMPUS CHILDREN'S CENTER/EARLY EDUCATION CENTER
TABLE OF CONTENTS**

June 30, 2017

	PAGE
General Information	1
Corporate Information	2
Independent Auditor's Report	3-4
Financial Statements:	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	7
Notes to the Financial Statements	8-12
Supplementary Information:	
Schedule of Expenditures of Federal and State Awards	13
Combining Statement of Activities	14
Schedule of Expenditures by State Categories	15
Reconciliation of CDE and GAAP Expense Reporting	16
Schedule of Reimbursable Equipment Expenditures	17
Schedule of Renovation and Repair Expenditures	18
Combining Schedule of Administrative Costs	19
Audited Final Attendance and Fiscal Report Forms:	
Audited Final Attendance and Fiscal Report for State Preschool Programs (CSPP)	20-22
Audited Final Attendance and Fiscal Report for General or Migrant Center-Based Programs (CCTR)	23-25
Other Required Information:	
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 <u>Government Auditing Standards</u>	26-27
Schedule of Findings and Questioned Costs	28-29
Current Status of Prior Year Findings	30
Corrective Action Plan	31
Additional Information for California State University, Fresno	32
Schedule of Net Position	33
Schedule of Revenues, Expenses and Changes in Net Position	34
Other Information	35-37

GENERAL INFORMATION

Fresno State Programs For Children, Inc.

Federal Grant Project No. 10-Q621-00-6-15136

Federal Grant Project No. 10-Q621-00-6-13609

Child Development Contract Project No. 10-Q621-00-6-23254

Child Development Contract Project No. 10-Q621-00-6-23038

Federal Grant Project No. 10-Q621-00-6-15136

Federal Grant Project No. 10-Q621-00-6-13609

Child Development Contract Project No. 10-Q621-00-6-23254

Child Development Contract Project No. 10-Q621-00-6-06105

Quality Rating Improvement System Block Grant No. 73922

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, 2016 through June 30, 2017

Days of Operation: 235

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, 2017

BOARD OF DIRECTORS

Deborah S. Adishian-Astone	Fresno, California
Ga-Lhiel Dillard	Fresno, California
KC Rivera	Fresno, California
Cassandra Ramirez Sanchez	Fresno, California
Kathie Reid-Bevington	Fresno, California
Colleen Torgerson	Fresno, California
Sandra Witte	Fresno, California
Mehrzad 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
-------------------	--

Auditors	Price Paige and Company 677 Scott Avenue Clovis, California 93612 Telephone (559) 299-9540
----------	---



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, 2016 and 2017, 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, 2016 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 expenditures of federal and state awards on page 13 and the information reflected on pages 14-25 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 32-37 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 7, 2017, 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 Pugh & Company

Clovis, California
September 7, 2017

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2017

ASSETS	<u>2016</u>	<u>2017</u>
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ 633,968	\$ 875,167
Accounts Receivable - Contracts	29,492	3,167
Accounts Receivable - Other	195,512	45,366
Prepaid Expenses - Deposits	4,208	0
	<u>863,180</u>	<u>923,700</u>
Fixed Assets:		
Equipment	101,340	184,838
Less Accumulated Depreciation	<u>(44,656)</u>	<u>(58,337)</u>
	<u>56,684</u>	<u>126,501</u>
TOTAL ASSETS	<u><u>\$ 919,864</u></u>	<u><u>\$ 1,050,201</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses (Note 5)	\$ 102,202	\$ 145,684
Deferred Revenue (Note 2)	<u>0</u>	<u>1,243</u>
	102,202	146,927
Net Assets:		
Unrestricted:		
Undesignated	767,662	853,274
Designated	<u>50,000</u>	<u>50,000</u>
Total Unrestricted Net Assets	<u>817,662</u>	<u>903,274</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 919,864</u></u>	<u><u>\$ 1,050,201</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, 2016 AND 2017

	2016	2017
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues:		
State Apportionment	\$ 610,862	\$ 591,143
Federal Funds	349,155	349,861
University Contributions (Note 8)	31,560	31,560
Day Care Fees - Parent Fees	267,230	309,104
Student Body Fees (Note 8)	401,919	411,334
Interest Income	1,669	4,350
Miscellaneous	4,178	2,000
	1,666,573	1,699,352
Total Revenues		
Expenses:		
Program Expenses - Child Care	1,469,164	1,497,182
Management and General	116,966	116,558
	1,586,130	1,613,740
Total Expenses (Note 9)		
Increase (Decrease) in Net Assets	80,443	85,612
Net Assets at Beginning of Year	737,219	817,662
Net Assets at End of Year	\$ 817,662	\$ 903,274

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, 2016 AND 2017

	2016	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase/(Decrease) in Net Assets	\$ 80,443	\$ 85,612
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	1,070	13,681
Changes In:		
Accounts Receivable	(128,815)	176,471
Prepaid Expenses - Deposits	2,256	4,208
Accounts Payable and Accrued Expenses	(27,931)	43,482
Deferred Revenue	0	1,243
Net Cash Provided/(Used) by Operating Activities	(72,977)	324,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(56,684)	(83,498)
Net Cash Provided/(Used) by Investing Activities	(56,684)	(83,498)
Net Increase/(Decrease) in Cash	(129,661)	241,199
Cash and Cash Equivalents at Beginning of Year	763,629	633,968
Cash and Cash Equivalents at End of Year	\$ 633,968	\$ 875,167
CASH FLOW INFORMATION		
Income Taxes Paid	\$ 1,496	\$ 18,332

The accompanying notes are an integral part of the financial statements

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2017

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, 2017 are amounts relating to uncollectible daycare fees – parents. Allowances for doubtful accounts in the amounts of \$6,000 and \$1,500 have been established for years ending June 30, 2016 and 2017, 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, 2016 and 2017, totaled \$2,087 and \$6,045 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 9 – Expenses by Natural Classification. Accordingly, certain costs have been allocated among programs and supporting services.

Deferred Revenue

Income from child care parent fees and the Quality Rating and Improvement System (QRIS) block grant are deferred and recognized over the periods to which they relate.

Note 3 – Cash and Cash Equivalents

Cash at June 30 consisted of the following:

	<u>2016</u>	<u>2017</u>
Deposits:		
Cash On-Hand and in Banks	\$608,090	\$347,054
Pooled Funds:		
Cash in State of California Local Agency Investment Funds	<u>25,878</u>	<u>528,113</u>
Total	<u>\$633,968</u>	<u>\$875,167</u>

At June 30, 2017, the FDIC insures cash balances held in interest and noninterest-bearing accounts combined up to \$250,000. At June 30, 2016 and 2017, Programs for Children's uninsured cash balances at Citibank totaled \$381,951 and \$0 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>Fair Value</u>	<u>Level 1</u>
<u>2016</u>		
Cash and Cash Equivalents	<u>\$633,968</u>	<u>\$633,968</u>
Totals	<u>\$633,968</u>	<u>\$633,968</u>
	<u>Fair Value</u>	<u>Level 1</u>
<u>2017</u>		
Cash and Cash Equivalents	<u>\$875,167</u>	<u>\$875,167</u>
Totals	<u>\$875,167</u>	<u>\$875,167</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>2016</u>	<u>2017</u>
CCTR	\$ 14,470	\$ 25,814
CSPP	11,411	41,830
CRPM	<u>254</u>	<u>0</u>
	<u>\$ 26,135</u>	<u>\$ 67,644</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 – Leases

Programs for Children has entered into a facility lease as follows:

Use of space within the Education, Family/Food Sciences and the Home Management Buildings, 5005 N. Maple Avenue, expiring June 30, 2021.

Note 7 – 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 55% 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 8 - 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, 2016 and June 30, 2017.

Student Body Fee income allocated to Programs for Children amounted to \$401,919 for the year ended June 30, 2016 and \$411,334 for the year ended June 30, 2017. 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 reimbursement. At June 30, 2017, Programs for Children had a receivable from the University of \$37,041 and a payable to the University of \$0 for salary/wages and other expense reimbursement.

Facility Lease for use of University premises effective July 1, 2016 through June 30, 2021. 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 administration fees and \$0 for facilities/maintenance fees for each of the years ended June 30, 2016 and June 30, 2017.

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, 2016 and 2017:

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, 2016 and 2017 were \$68,206 and \$71,616, respectively, based on services rendered.

Programs for Children has transactions with the Association. The amounts due the Association from Programs for Children were \$202 and \$0 at June 30, 2016 and 2017, 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 \$61 and \$0 at June 30, 2016 and 2017, respectively.

Note 9 – Expenses by Natural Classification

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

	2016			2017		
	Program	General & Administrative	Total	Program	General & Administrative	Total
Certificated Salaries:						
Teachers	\$400,218		\$400,218	\$508,073		\$508,073
Supervisors	90,435		90,435	61,807		61,807
Classified Salaries:						
Instructional Aides	336,495		336,495	273,502		273,502
Clerical	46,739		46,739	47,516		47,516
Other	70,409		70,409	73,643		73,643
Administration Fees		\$116,966	116,966		\$116,558	116,558
Employee Benefits	289,308		289,308	295,615		295,615
Food Services:						
Food	58,540		58,540	54,392		54,392
Personnel	42,158		42,158	44,494		44,494
Other Food Expenses	1,878		1,878	1,066		1,066
Instructional Supplies	71,736		71,736	45,263		45,263
Other Supplies	12,914		12,914	15,728		15,728
Travel/Training	11,288		11,288	19,110		19,110
Telephone	3,467		3,467	3,468		3,468
Depreciation	1,070		1,070	13,681		13,681
Other Operating Expenses	32,509		32,509	39,824		39,824
	<u>\$1,469,164</u>	<u>\$116,966</u>	<u>\$1,586,130</u>	<u>\$1,497,182</u>	<u>\$116,558</u>	<u>\$1,613,740</u>

Note 10 – Subsequent Events

Subsequent events have been evaluated through September 7, 2017, 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, 2017.

Note 11 - 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, 2017

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 06105-CACFP-10-NP-CS	10.558	\$ 69,567	\$ 69,567	\$ 69,567
Child Care and Development (CCDF) Cluster				
Child Development Programs CCTR-6032 13609	93.596	124,647	124,647	124,647
Child Development Programs CCTR-6032 15136	93.575	57,253	57,253	57,253
Child Development Programs CSPP-6066 13609	93.596	67,424	67,424	67,424
Child Development Programs CSPP-6066 15136	93.575	<u>30,970</u>	<u>30,970</u>	<u>30,970</u>
Total U.S. Department of Health and Human Services		<u>349,861</u>	<u>349,861</u>	<u>349,861</u>
Total Federal Assistance		<u>\$ 349,861</u>	<u>\$ 349,861</u>	<u>\$ 349,861</u>
State:				
Quality Rating and Improvement System Block Grant 73922		\$ 151,500	\$ 151,114	\$ 151,114
Child Development Programs CCTR-6032 23254		256,517	230,703	230,703
Child Development Programs CSPP-6066 23254		138,757	95,401	95,401
Child Development Programs CSPP-6066 23038		<u>165,699</u>	<u>113,925</u>	<u>113,925</u>
Total California Department of Education		<u>712,473</u>	<u>591,143</u>	<u>591,143</u>
Total State Assistance		<u>\$ 712,473</u>	<u>\$ 591,143</u>	<u>\$ 591,143</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, 2017**

	<u>CCTR-6032</u>	<u>CSPP-6066</u>	<u>Total</u>
Revenues:			
State Apportionment	\$ 230,703	\$ 360,440	\$ 591,143
Federal Funds	181,900	98,394	280,294
Child Care Food Program	69,567	-	69,567
University Contributions	31,560	-	31,560
Day Care Fees - Parent Fees	301,591	7,513	309,104
Student Body Fees	411,334	-	411,334
Interest Income	4,350	-	4,350
Miscellaneous	2,000	-	2,000
Total Revenues	<u>1,233,005</u>	<u>466,347</u>	<u>1,699,352</u>
Expenses:			
Program Expenses - Child Care	981,513	515,669	1,497,182
Management and General	76,881	39,677	116,558
Total Expenses	<u>1,058,394</u>	<u>555,346</u>	<u>1,613,740</u>
Change in Net Assets	<u>\$ 174,611</u>	<u>\$ (88,999)</u>	<u>\$ 85,612</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, 2017

	<u>CCTR-6032</u>	<u>CSPP-6066</u>	<u>Total CDE Contracts</u>
1000 Certificated Personnel Salaries	\$ 390,109	\$ 179,770	\$ 569,879
2000 Classified Personnel Salaries	295,956	136,383	432,339
3000 Employee Benefits	202,362	93,253	295,615
4000 Books and Supplies	59,341	27,345	86,686
5000 Services and Other Operating Expenses	88,711	40,880	129,591
Total Expenses Claimed for Reimbursement	\$ 1,036,479	\$ 477,631	\$ 1,514,110
Total Supplemental Expenses	0	151,114	151,114
Total Expenditures	\$ 1,036,479	\$ 628,745	\$ 1,665,224

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, 2017

	<u>CCTR-6032</u>	<u>CSPP-6066</u>	<u>Total CDE Contracts</u>
Schedule of Expenditures by State Categories (CDE)	\$ 1,036,479	\$ 628,745	\$ 1,665,224
Adjustments to Reconcile Difference in Reporting:			
Capitalized Equipment Expensed on AUD Forms	\$ -	\$ (8,144)	\$ (8,144)
Capitalized Renovation and Repairs Expensed on AUD Forms	-	(75,354)	(75,354)
Depreciation on Assets Funded by Supplemental Revenue ¹	9,365	4,316	13,681
Unrelated Business Income Taxes ¹	12,550	5,783	18,333
Subtotal	<u>21,915</u>	<u>(73,399)</u>	<u>(51,484)</u>
Combining Statement of Activities (GAAP)	<u>\$ 1,058,394</u>	<u>\$ 555,346</u>	<u>\$ 1,613,740</u>

¹ The amounts shown here were not reported on the Audited Attendance and Fiscal Reports/Audited Fiscal Reports (AUD Forms)

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
Schedule of Reimbursable Equipment Expenditures
Year Ended June 30, 2017

<u>Unit Cost Under \$7,500 Per Item</u>	<u>CCTR-6032</u>	<u>CSPP-6066</u>	<u>Total Costs</u>
None	\$ -	\$ -	\$ -
Subtotal	-	-	-
<u>Unit Cost Over \$7,500 Per Item</u>			
<u>With Prior Written Approval</u>			
None	\$ -	\$ -	\$ -
Subtotal	-	-	-
<u>Unit Cost Over \$7,500 Per Item</u>			
<u>Without Prior Written Approval</u>			
EEC Kitchen Cart (QRIS)	\$ -	\$ 8,144	\$ 8,144
Subtotal	-	8,144	8,144
Total Equipment Expenditures	<u>\$ -</u>	<u>\$ 8,144</u>	<u>\$ 8,144</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, 2017

<u>Unit Cost Under \$10,000 Per Item</u>	<u>CCTR-6032</u>	<u>CSPP-6066</u>	<u>Total Costs</u>
Miscellaneous Repairs	\$ -	\$ -	\$ -
Subtotal	<u>-</u>	<u>-</u>	<u>-</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>Unit Cost Over \$10,000 Per Item</u>			
<u>Without Prior Written Approval</u>			
Satellite Playground Resurfacing (QRIS)	\$ -	\$ 17,668	\$ 17,668
Toddler Playground Resurfacing (QRIS)	-	22,779	22,779
Preschool Playground Resurfacing (QRIS)	-	34,907	34,907
Subtotal	<u>-</u>	<u>75,354</u>	<u>75,354</u>
Total Renovation and Repair Expenditures	<u>\$ -</u>	<u>\$ 75,354</u>	<u>\$ 75,354</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, 2017

Reimbursable Administrative Costs	<u>CCTR-6032</u>	<u>CSPP-6066</u>	<u>Total CDE</u>
Insurance	\$ 6,796	\$ 3,132	\$ 9,928
Office Supplies	5,914	2,725	8,639
Accounting Fees	49,024	22,592	71,616
Audit Fees	12,322	5,678	18,000
Other Operating Expenses	839	386	1,225
	<hr/>	<hr/>	<hr/>
Total Administrative Costs	<u>\$ 74,895</u>	<u>\$ 34,513</u>	<u>\$ 109,408</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, 2017 Contract No. CSPP-6066

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	226		226	1.1800	266.680
Full-time	5,726		5,726	1.0000	5,726.000
Three-quarters-time	2,272		2,272	0.7500	1,704.000
One-half-time	275		275	0.6196	170.390
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6196	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6196	-
<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	-		-	0.6196	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6196	-
TOTAL DAYS OF ENROLLMENT	8,499	-	8,499		7,867.070
DAYS OF OPERATION	235	-	235		
DAYS OF ATTENDANCE	8,499	-	8,499		

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, 2017 Contract No. CSPP-6066

	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	7,513	0	7,513
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	\$7,513	\$0	\$7,513

SECTION IV - REIMBURSABLE EXPENSES			
<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	179,770		179,770
2000 Classified Salaries	136,383		136,383
3000 Employee Benefits	89,825	3,428	93,253
4000 Books and Supplies	27,345		27,345
5000 Services and Other Operating Expenses	50,643	(9,763)	40,880
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	\$483,966	(\$6,335)	\$477,631

TOTAL ADMINISTRATIVE COSTS (Included in section IV above) \$34,188 \$325 \$34,513

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:

Depreciation and unrelated business income taxes were incorrectly included in line 5000. An adjustment of \$10,099 was made to exclude unallowable expenses.

**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, 2017 Contract No. CSPP-6066

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$151,114	\$0	\$151,114
Other (Specify):			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$151,114	\$0	\$151,114

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE

1000 Certificated Salaries	\$0		\$0
2000 Classified Salaries	6,816		6,816
3000 Employee Benefits	0		0
4000 Books and Supplies	42,653		42,653
5000 Services and Other Operating Expenses	18,147		18,147
6000 Equipment/Other Capital Outlay	83,498		83,498
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	\$151,114	\$0	\$151,114

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, 2017 Contract No. CCTR-6032

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	1,607		1,607	1.700	2,731.900
Three-quarters-time	563		563	1.275	717.825
One-half-time	17		17	0.935	15.895
<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	-		-	1.652	-
Full-time	3,128		3,128	1.400	4,379.200
Three-quarters-time	1,084		1,084	1.050	1,138.200
On-half-time	148		148	0.770	113.960
<i>Three Years and Older</i>					
Full-time-plus	-		-	1.180	-
Full-time	995		995	1.000	995.000
Three-quarters-time	401		401	0.750	300.750
One-half-time	96		96	0.550	52.800
<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	8,039	-	8,039		10,445.530
DAYS OF OPERATION	235	-	235		
DAYS OF ATTENDANCE	8,039	(2)	8,037		

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, 2017 Contract No. CCTR-6032

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	572	-	572	1.700	972.400
Three-quarters-time	1	-	1	1.275	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	35	-	35	1.652	57.820
Full-time	701	-	701	1.400	981.400
Three-quarters-time	6	-	6	1.050	6.300
On-half-time	-	-	-	0.770	-
<i>Three Years and Older</i>					
Full-time-plus	214	-	214	1.180	252.520
Full-time	4,002	-	4,002	1.000	4,002.000
Three-quarters-time	454	-	454	0.750	340.500
One-half-time	22	-	22	0.550	12.100
<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	6,007	-	6,007		6,626.315

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, 2017 Contract No. CCTR-6032

	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	\$69,567		\$69,567
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Subtotal	\$69,567	\$0	\$69,567
Transfer from Reserve			0
Family Fees for Certified Children	7,307		7,307
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	294,284		294,284
Head Start Program (EC § 8235(b))			0
Other (Specify):	447,997	1,246	449,243
TOTAL REVENUE	\$819,155	\$1,246	\$820,401

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	390,109		390,109
2000 Classified Salaries	295,956		295,956
3000 Employee Benefits	194,923	7,439	202,362
4000 Books and Supplies	59,341		59,341
5000 Services and Other Operating Expenses	109,897	(21,186)	88,711
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	\$1,050,226	(\$13,747)	\$1,036,479
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$74,188	\$707	\$74,895

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:

Depreciation and unrelated business income taxes were incorrectly included in line 5000. An adjustment of \$21,915 was made to exclude unallowable expenses.

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



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, 2017, 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 7, 2017.

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 was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

677 Scott Avenue
Clovis, CA 93612

tel 559.299.9540
fax 559.299.2344

disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002.

Programs for Children's Response to Findings

Fresno State Programs for Children, Inc.'s responses to the findings identified in our audit are described in the corrective action plan following the schedule of findings and questioned costs. Programs for Children's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Pange & Company

Clovis, California
September 7, 2017

**FRESNO STATE PROGRAMS FOR CHILDREN, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. Summary of Auditor's Results

Financial Statements:

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

II. Findings – Financial Statement Audit

None reported

III. Findings and Questioned Costs – Federal and State Awards

Finding 2017-001

Allowable Costs Reporting

Condition: During our review of fiscal reporting for CCTR6032 and CSPP6066, we noted the following instances of non-compliance with reporting requirements:

- Depreciation expense was claimed for fixed assets purchased with public funds.
- Federal and state income tax was claimed.

Criteria: The California Department of Education Audit Guide, Section 730 A and the respective Funding Terms and Conditions for each contract outline the specific guidelines for state and federal funds that can be expended for allowable activities and costs.

Cause: Programs for Children believed that depreciation expense for fixed assets purchased with public funds and federal and state taxes were in compliance with reportable costs to be claimed.

Effect: Programs for Children was not in compliance with CDE reporting requirements.

Recommendation: We recommend that Programs for Children implement a stronger review process to ensure that costs are properly identified and reported per CDE compliance requirements.

III. Findings and Questioned Costs – Federal and State Awards (continued)

Finding 2017-002

Attendance Reporting

Condition:

During our review of 25 family data files, we noted the following instance of non-compliance with attendance reporting requirements:

- There were two files where attendance was overstated by one day each.

Criteria:

The California Department of Education Audit Guide, Section 730 I and the respective Funding Terms and Conditions and Program Requirements for each contract outline the procedures for reporting enrollment, operation, and attendance.

Cause:

Attendance was incorrectly overstated on the monthly attendance sheet.

Effect:

Programs for Children was not in compliance with CDE reporting requirements.

Recommendation:

We recommend that Programs for Children implement a stronger review process to ensure that attendance is properly identified and reported per CDE compliance requirements.

**FRESNO STATE PROGRAMS FOR CHILDREN, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

I. Findings – Financial Statement Audit

None reported

II. Findings and Questioned Costs – Federal and State Awards

None reported

**FRESNO STATE PROGRAMS FOR CHILDREN, INC.
CORRECTIVE ACTION PLAN****RESPONSE TO FINDING 2017-001:**

Management concurs with the recommendation. In the past, Programs for Children has purchased capital assets using private funds for which the depreciation expense was allowable under CDE guidelines. During fiscal year 2017, several capital assets were purchased using supplemental CSPP6066 (QRIS) grant funds and the depreciation expense related to these assets was reported in error as an eligible expense. Management has strengthened internal reporting processes to include a review of whether an asset is purchased using private or public funds. Depreciation related to the purchase of capital assets using public funds will not be claimed as CDE eligible expenses. Federal and State income taxes will not be claimed as eligible expenses in the future in accordance with CDE guidelines.

RESPONSE TO FINDING 2017-002:

Management concurs with the recommendation and will immediately implement a more thorough review process to ensure attendance is properly identified and reported per CDE requirements. Attendance sheets will be checked weekly by the Office Manager. A secondary review will be performed by the Program Director at the end of the month prior to attendance reports being submitted to Auxiliary Accounting.

ADDITIONAL INFORMATION
FOR CALIFORNIA STATE UNIVERSITY, FRESNO

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
SCHEDULE OF NET POSITION
JUNE 30, 2017
(for inclusion in the California State University)

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 268,231
Short-term Investments	606,936
Accounts Receivable, Net	48,533
Prepaid Expenses and Other Assets	0
Total Current Assets	<u>923,700</u>

Noncurrent Assets:

Capital Assets, Net	<u>126,501</u>
Total Noncurrent Assets	<u>126,501</u>
Total Assets	<u>1,050,201</u>

Liabilities:

Current Liabilities:

Accounts Payable	113,386
Accrued Salaries and Benefits Payable	4,872
Accrued Compensated Absences, Current Portion	2,500
Unearned Revenue	1,243
Total Current Liabilities	<u>122,001</u>

Noncurrent Liabilities:

Accrued Compensated Absences, Net of Current Portion	<u>24,926</u>
Total Noncurrent Liabilities	<u>24,926</u>
Total Liabilities	<u>146,927</u>

Net Position:

Net Investment in Capital Assets	126,501
Unrestricted	<u>776,773</u>
Total Net Position	<u>\$ 903,274</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, 2017
(for inclusion in the California State University)

Revenues:

Operating Revenues:

Student Tuition and Fees	\$ 411,334
Grants and Contracts, Noncapital:	
Federal	349,861
State	591,143
Sales and Services of Auxiliary Enterprises (net of scholarship allowances of \$0)	<u>309,104</u>
Total Operating Revenues	<u>1,661,442</u>

Expenses:

Operating Expenses:

Auxiliary Enterprise Expenses	1,600,059
Depreciation and Amortization	<u>13,681</u>
Total Operating Expenses	<u>1,613,740</u>
Operating Income	<u>47,702</u>

Nonoperating Revenues:

Gifts, noncapital	31,560
Investment Income, net	4,350
Other Nonoperating Revenues	<u>2,000</u>
Net Nonoperating Revenues	<u>37,910</u>

Increase in Net Position	85,612
--------------------------	--------

Net Position:

Net Position at Beginning of Year, as Previously Reported	<u>817,662</u>
Net Position at End of Year	<u>\$ 903,274</u>

See Accompanying Independent Auditors' Report

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
OTHER INFORMATION
JUNE 30, 2017
(for inclusion in the California State University)

1. **Restricted Cash and Cash Equivalents at June 30, 2017:**
Not Applicable

2.1 **Composition of Investments at June 30, 2017:**

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Local Agency Investment Fund (LAIF)	528,113	0	528,113	0	0	0	528,113
Money Market funds	78,823	0	78,823	0	0	0	78,823
Total Investments	606,936	0	606,936	0	0	0	606,936

2.3 **Restricted Current Investments at June 30, 2017 related to:**
Not Applicable

2.4 **Restricted Noncurrent Investments at June 30, 2017 related to:**
Not Applicable

2.5 **Fair value hierarchy in investments at June 30, 2017:**

	Fair Value Measurements Using				Net Asset Value (NAV)
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Local Agency Investment Fund (LAIF)	528,113	528,113	0	0	0
Money Market funds	78,823	78,823	0	0	0
Total Investments	606,936	606,936	0	0	0

See Accompanying Independent Auditor's Report.

FRESNO STATE PROGRAMS FOR CHILDREN, INC.
OTHER INFORMATION
JUNE 30, 2017
(for inclusion in the California State University)

3.1 Composition of Capital Assets at June 30, 2017:

Depreciable Capital Assets	Balance June 30, 2016	Prior Period Adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2017
Personal Property: Equipment	101,340	0	0	101,340	83,498	0	0	184,838
Total Depreciable Capital Assets	101,340	0	0	101,340	83,498	0	0	184,838
Less Accumulated Depreciation								
Personal Property: Equipment	(44,656)	0	0	(44,656)	(13,681)			(58,337)
Total Accumulated Depreciation	(44,656)	0	0	(44,656)	(13,681)	0	0	(58,337)
Total Capital Assets, Net	56,684	0	0	56,684	69,817	0	0	126,501

3.2 Detail of Depreciation and Amortization Expense at June 30, 2017:

Depreciation and Amortization Expense Related to Capital Assets	13,681
Amortization Related to Other Assets	0
Total Depreciation and Amortization	13,681

4. Long-Term Liabilities Activity Schedule:

	Balance June 30, 2016	Prior Period Adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Balance June 30, 2017	Current Portion	Long-Term Portion
Accrued Compensated Absences	18,415	0	0	18,415	48,519	(39,508)	27,426	2,500	24,926

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, 2017
(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	\$ -	\$ 126,501	\$	126,501
Net Position - Net Investment in Capital Asset	\$ -	\$ 126,501	\$	126,501

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	172,252
Payments to University for other than salaries of University personnel	19,092
Payments received from University for services, space, and programs	31,560
Amounts receivable from University	37,041
Amounts (payable to) University (enter as negative number)	0

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