



## AUDIT COMMITTEE MEETING AGENDA

December 9, 2020 at 11:00 a.m.

- |   |                |         |
|---|----------------|---------|
| <b>1. CALL TO ORDER</b>                           | <b>Action</b>  |         |
| <b>2. ROLL CALL</b>                               |                |         |
| <b>3. APPROVAL OF AGENDA</b>                      | <b>Approve</b> |         |
| <b>4. APPROVAL OF MARCH 4, 2020 MINUTES</b>       |                |         |
| A. March 4, 2020 Audit Committee Minutes          | <b>Approve</b> | Page 2  |
| <b>5. AUDITED FINANCIAL STATEMENTS</b>            | <b>Accept</b>  |         |
| A. School of Unlimited Learning 2019-2020 Audit   |                | Page 4  |
| B. State Child Care Program 2019-2020 Audit       |                | Page 30 |
| C. Urban CTSA 2019-2020 Audit                     |                | Page 65 |
| D. Rural CTSA 2019-2020 Audit                     |                | Page 80 |
| <b>6. AUDIT AND TAX SERVICES PROVIDER</b>         | <b>Approve</b> |         |
| A. Total Ranking of Bids                          |                | Page 95 |
| B. Total Ranking by Criteria                      |                | Page 98 |
| <b>7. OTHER BUSINESS</b>                          |                |         |
| Next Meeting: Wednesday March 3, 2021, 12:00 p.m. |                |         |
| <b>8. ADJOURNMENT</b>                             |                |         |



**AUDIT COMMITTEE**  
**Board Room**  
**Wednesday, March 4, 2020**  
**12:00 PM**

**MINUTES**

**I. CALL TO ORDER**

Daniel Martinez, Committee Chair, called the meeting to order at 12:12 PM.

**II. ROLL CALL**

Roll was called and there was a quorum.

**Committee members**  
**present:**

Daniel Martinez  
Bruce McAlister  
Barigye McCoy (phone)  
Daniel Parra (phone)

**Staff present:**

Emilia Reyes  
Salam Nalia  
Rebecca Heinricy  
Michelle Tutunjian  
Tate Hill

**Staff present cont'd:**

Kathleen Shivaprasad  
Heather Brown  
Susan Shiomi  
Mary Xiong

**Committee members**  
**absent:**

Maiyer Vang

**III. APPROVAL OF AGENDA**

***M/S/C - McAlister/Martinez approve the agenda as presented. All in favor.***

**IV. APPROVAL OF PREVIOUS MINUTES**

December 11, 2019 Meeting Minutes

***M/S/C – McAlister/Martinez approve the December 11, 2019 Meeting Minutes. All in favor.***

**V. ACTION ITEMS**

**A. Internal Audit Plan 2020**

Susan Shiomi, Internal Audit Director, shared the planned activities for Internal Audit is a risk-based plan designed to examine programs or operations that demonstrate a high susceptibility to unfavorable events or risk factors that could lead to a financial loss or an inability to meet Fresno Economic Opportunities Commission's objectives. The plan includes compliance audits, performance audits, unannounced audits, follow-up reviews, non-audit services and fraud, waste and abuse investigations. Shiomi mentioned that Internal Audit has a whistleblower policy and that Human Resources has a whistleblower policy. The plan

provides assistance to Kaku & Mersino to complete the agency-wide fiscal audit. McAlister inquire if the unannounced audits scheduled to be conducted two times a year. Reyes included that while technically not an audit, Head Start is on a Quality Improvement Plan. Fresno EOC will be hiring an independent auditing firm to perform agreed upon procedures testing for internal controls and that a RFP will go out.

***M/S/C –McAlister/Martinez approve the Internal Audit Plan 2020. All in favor.***

**B. Audit Committee Charter**

Shiomi explained that she was reintroducing the audit committee charter for the members who are new as to their responsibilities and scope of the audit committee commissioners. Reyes stated that we are annually reviewing the charter so that we are in compliance.

***M/S/C –McAlister/Martinez to approve the Audit Committee Charter. All in favor.***

**VI. INFORMATIONAL**

**A. Kaku & Mersino Engagement Letters**

Shiomi shared program-specific engagement letters with our external auditors Kaku & Mersino. The engagement letters are program-specific in regards to School of Unlimited Learning, State Child Care Programs, Urban Consolidated Transportation Service Agency, Rural Consolidated Transportation Service Agency, Pension, and 403b audits. This is the third year of a three-year contract.

**VII. OTHER BUSINESS**

The next meeting is scheduled for September 15, 2020. 12:00 PM

**VIII. ADJOURNMENT**

The meeting adjourned at 12:20 PM.

Respectfully submitted,

Daniel Martinez, Chair



## AUDIT COMMITTEE MEETING

<b>Date:</b> December 9, 2020	<b>Program:</b> Internal Audit
<b>Agenda Item #:</b> 5	<b>Director:</b> Susan Shiomi
<b>Subject:</b> Audit Financial Statements	<b>Officer:</b> Jim Rodriguez

### Recommended Action

Staff recommends Committee acceptance for full Board consideration of the Fresno EOC program-specific audits as prepared by Kaku & Mersino, LLP.

### Background

Attached are four Fresno EOC program-specific audits as required by the funder for review. Peter Mersino, CPA, of Kaku & Mersino, LLP will present the audits and respond to questions.

- A. School of Unlimited Learning 2019-2020 audit
- B. State Child Care Program 2019-2020 audit
- C. Urban Consolidated Transportation Service Agency 2019-2020 audit
- D. Rural Consolidated Transportation Service Agency 2019-2020 audit

### Fiscal Impact

Program audits are a funding requirement. Failure to complete the program audits would result in non-compliance and jeopardize program funding.

### Conclusion

If accepted by the Committee, this item will move forward for full Board consideration at the December 16, 2020 Commission Meeting.

**SCHOOL OF UNLIMITED LEARNING  
FRESNO ECONOMIC  
OPPORTUNITIES COMMISSION**

Charter School Number 0149

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

**DRAFT**

**SCHOOL OF UNLIMITED LEARNING  
FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
(A Non-Profit Organization)

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**KAKU & MERSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Fresno Economic Opportunities Commission

**Report on the Financial Statements**

We have audited the accompanying financial statements of School of Unlimited Learning of Fresno Economic Opportunities Commission, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

**Auditors' Responsibility**

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

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

## Emphasis of Matter

As discussed in Note 1, the financial statements present only School of Unlimited Learning's financial statements and do not present fairly the financial position of Fresno Economic Opportunities Commission as of June 30, 2020, the changes in financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 10-18, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, which are in conformity with the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, on our consideration of School of Unlimited Learning of Fresno Economic Opportunities Commission'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 School of Unlimited Learning of Fresno Economic Opportunities Commission's internal control over financial reporting and compliance.

KAKU & MERSINO, LLP

December 4, 2020

**SCHOOL OF UNLIMITED LEARNING**  
**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
(A Non-Profit Organization)  
Statement of Financial Position  
June 30, 2020

***ASSETS***

<u>ASSETS</u>	
Cash	\$ 300
Accounts Receivable	
Apportionments	664,955
Interfund Receivable	507,590
Property and Equipment	<u>168,688</u>
 TOTAL ASSETS	 <u><u>\$ 1,341,533</u></u>

***LIABILITIES AND NET ASSETS***

<u>LIABILITIES</u>		
Accounts Payable	<b>DRAFT</b>	<u>\$ 90,903</u>
 TOTAL LIABILITIES		 90,903
<u>NET ASSETS</u>		
Net Assets without donor restrictions		1,150,630
Net Assets with donor restrictions		<u>100,000</u>
 TOTAL NET ASSETS		 <u>1,250,630</u>
 TOTAL LIABILITIES AND NET ASSETS		 <u><u>\$ 1,341,533</u></u>

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

**SCHOOL OF UNLIMITED LEARNING**  
**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
(A Non-Profit Organization)  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES &amp; SUPPORT</b>			
Local Control Funding Formula	\$ 2,141,589	\$ -	\$ 2,141,589
Local Revenue In Lieu of Property Taxes	179,409	-	179,409
State Lottery Revenue	40,057	-	40,057
Federal Title Revenue	78,368	-	78,368
School Nutrition Program	17,276	-	17,276
Other State Revenue	316,188	-	316,188
Community Services Block Grant	17,839	-	17,839
Transportation Development	1,733	-	1,733
Other Income	4,238	-	4,238
<b>TOTAL REVENUES &amp; SUPPORT</b>	<b>2,796,697</b>	<b>-</b>	<b>2,796,697</b>
<b>Program Services</b>			
Salaries	1,246,803	-	1,246,803
Employee Benefits	409,416	-	409,416
Books and Supplies	66,390	-	66,390
Travel and Conferences	3,877	-	3,877
Insurance	13,454	-	13,454
Rentals, Leases, and Repairs	112,073	-	112,073
Other Operating Expenditures	307,823	-	307,823
	2,159,836	-	2,159,836
<b>Supporting Services</b>			
Administrative expense	108,009	-	108,009
<b>TOTAL EXPENSES</b>	<b>2,267,845</b>	<b>-</b>	<b>2,267,845</b>
<b>EXCESS REVENUES OVER EXPENSES</b>	<b>528,852</b>	<b>-</b>	<b>528,852</b>
<b>OTHER INCOME/(EXPENSES)</b>			
Depreciation Grant Funded Assets	(23,127)	-	(23,127)
<b>TOTAL OTHER INCOME/(EXPENSES)</b>	<b>(23,127)</b>	<b>-</b>	<b>(23,127)</b>
<b>CHANGE IN NET ASSETS</b>	<b>505,725</b>	<b>-</b>	<b>505,725</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>644,905</b>	<b>100,000</b>	<b>744,905</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,150,630</b>	<b>\$ 100,000</b>	<b>\$ 1,250,630</b>

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

**SCHOOL OF UNLIMITED LEARNING**  
**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
(A Non-Profit Organization)  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 505,725
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	30,308
(Increase) decrease in:	
Accounts Receivable - School Nutrition Program	2,850
Accounts Receivable - Apportionments	(228,891)
Increase (decrease) in:	
Accounts Payable	90,653
Interfund	(390,602)
Deferred Revenue	<u>(10,043)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>-</u>
NET CHANGE IN CASH	-
CASH AT BEGINNING OF YEAR	<u>300</u>
CASH AT END OF YEAR	<u><u>\$ 300</u></u>

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

**SCHOOL OF UNLIMITED LEARNING**  
**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
(A Non-Profit Organization)  
Notes to the Financial Statements  
June 30, 2020

Note 1. NATURE OF ACTIVITIES

Fresno Economic Opportunities Commission (the "Agency") is a California non-profit organization formed in August 1965. The Agency is a local community human services agency that provides assistance to economically and socially disadvantaged persons in the Fresno County region through various types of health and welfare services and programs. The majority of the Agency's funding is supported by grants from federal, state, and local governments, with additional sources of revenue from fees for service, in-kind and donor contributions.

The School of Unlimited Learning (SOUL) is a charter school that operates under Fresno Economic Opportunities Commission. SOUL is chartered under Fresno Unified School District. Consistent with the mission of Fresno EOC, SOUL's mission is to provide comprehensive learning experiences in a manner and environment that enables students to obtain the skills, knowledge and motivation to be self-directed, life-long learners as they mature towards adult self-sufficiency. SOUL is a comprehensive high school comprised of a classroom-based program and independent study component. The academic program includes core classes, remedial classes, and CAHSEE intervention/review classes which prepare students for testing. In the spring of 2017, SOUL received a full program accreditation by the Western Association of Schools (WASC) for the maximum full six-year period until June 30, 2023. SOUL was granted a five-year charter renewal, effective July 1, 2018 through June 30, 2023.

SOUL operates a classroom-based program and independent study program. During the 2019-2020 school year, both the classroom-based and independent study programs were located at 2336 Calaveras Street, Fresno, California 93721.

In addition to the program audit of SOUL contained herein, the Agency is audited on an organizational wide basis annually. Accordingly, the accompanying financial statements contain only the financial information and disclosures pertaining to SOUL's June 30 fiscal year-end.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Agency reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**SCHOOL OF UNLIMITED LEARNING**  
**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
(A Non-Profit Organization)  
Notes to the Financial Statements  
June 30, 2020

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of various demand accounts on deposit with insured financial institutions. The Agency considers all investments with an original maturity of three months or less to be cash equivalents. Certain funding agencies require cash to be held in separate bank accounts.

Accounts and Grants Receivable

Accounts receivable are amounts due mainly from the State of California representing attendance apportionment. Management considers all amounts to be fully collectible, and therefore no allowance for doubtful accounts related to accounts or grants receivables have been recorded in the accompanying financial statements.

Property and Equipment

Contributed property and equipment are recorded at fair value on the date of donation. Contributions of property and equipment are recorded as unrestricted support, unless the donor stipulates how long the assets must be used.

Property and equipment purchased with Agency funds are capitalized at cost and depreciated over the useful estimated lives of the asset using the straight-line method. Amortization of building improvements is based on the estimated useful life of the improvements. Depreciation and amortization expense is charged against operations. Expenditures for property and equipment in excess of \$5,000 are capitalized.

Property and equipment purchased with grant funds are depreciated using the straight-line method over the estimated useful life of the assets. Depreciation of these assets is charged against grant funded assets in the Statement of Activities.

In the event of a contract termination, certain funding sources require title to property and equipment previously purchased with grant funds revert to the funding source. Certain funding sources also limit the use of property and equipment for specific programs and require approval for disposition of property and equipment.

Donor Restrictions on Revenue and Support

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as without donor restrictions.

**SCHOOL OF UNLIMITED LEARNING**  
**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
(A Non-Profit Organization)  
Notes to the Financial Statements  
June 30, 2020

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Income Tax Status

The Agency is a non-profit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the Franchise Tax Board under Section 23701(d) which exempts it from state income taxes. The Agency's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Functional Allocation of Expense

The costs of providing School of Unlimited Learning's various charitable and general services have been summarized on a functional basis in the Statement of Activities. Accordingly, direct and indirect expenses have been allocated to program services or other activities based on their specific identification or the personnel resources utilized in the function. Supporting services consist principally of general, administrative and management costs not directly allocable to Program Services.

Vacation and Sick Leave

Accumulated unpaid vacation benefits are recognized as a liability of the Agency. The expenditure is recognized in the program to which the liability relates. Accumulated employee sick leave benefits are not recognized as liabilities of the Agency since payment of such benefits is not probable or estimable. Therefore, sick leave benefits are recorded as expenditures in the period sick leave is taken.

Subsequent Events

Management has evaluated subsequent events through December 4, 2020, the date the financial statements were available to be issued. On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net assets available for benefits. Other financial impact could occur though such potential impact is unknown at this time.

**SCHOOL OF UNLIMITED LEARNING  
FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
(A Non-Profit Organization)  
Notes to the Financial Statements  
June 30, 2020

**Note 3. CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash balances and grant receivables.

The Agency maintains cash balances at several financial institutions located in Fresno, California and one in San Francisco, California. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Concentration of credit risk with respect to grant receivables are limited due to receivables being from government agencies.

**Note 4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Leasehold Improvements	\$ 421,901
Equipment	<u>106,504</u>
	528,405
Accumulated Depreciation	<u>(359,717)</u>
Net Property and Equipment	<u>\$ 168,688</u>

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Depreciation amounted to \$23,127 for grant funded property and equipment, and \$7,181 for Agency property and equipment for the year ending June 30, 2020.

**Note 5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Agency's liquidity and availability of financial assets are reported on the Agency's annual audit. SOUL's financial assets primarily consist of cash which is recorded at the Agency's level.

**Note 6. PENSION PLAN**

The Agency contributes to a defined contribution pension plan which covers substantially all employees of the Agency. Contributions are based on years of service and does not allow contributions to be made if programs sponsored by federal, state or local government does not allow for funding of such benefits. The amount contributed by the Agency related to the School of Unlimited Learning for fiscal year ended June 30, 2020 was approximately \$57,932.

**SCHOOL OF UNLIMITED LEARNING  
FRESNO ECONOMIC OPPORTUNITIES COMMISSION**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020

The School of Unlimited Learning (SOUL) is a charter school that operates under the Fresno Economic Opportunities Commission (Fresno EOC). SOUL is chartered under the Fresno Unified School District. Consistent with the mission of Fresno EOC, SOUL's mission is to provide comprehensive learning experiences in a manner and environment that enables students to obtain the skills, knowledge and motivation to be self-directed, life-long learners as they mature towards self-sufficiency. SOUL is a comprehensive high school comprised of a classroom-based program and an independent study component. The academic program includes core classes, remedial classes, and career preparation classes. In the spring of 2017, SOUL received a full program accreditation by the Western Association of Schools (WASC) for the maximum full six-year period until June 30, 2023. SOUL was granted a five-year charter renewal, effective July 1, 2018 through June 30, 2023. By June 2018, nineteen of SOUL's core and elective courses were included on the University of California course approved list.

SOUL operates a classroom-based program and independent study program. Both the classroom-based and independent study programs were located at 2336 Calaveras St., Fresno, 93721. Total teacher staffing for the 2019-2020 school year included 11 full-time teachers. While SOUL is open to any student who wishes to enroll, most students who enroll are those who have not responded well to the traditional classroom settings and methods of instruction. SOUL's small classroom size allows for more frequent individualized instruction for classroom-based students. Supportive services such as case management, mental health counseling, truancy prevention, and career counseling, coupled with Fresno EOC agency-sponsored health care, child care, and employment and training services help to remove barriers to success. Success for Life counseling is available to students and parents. Parent training is available throughout the year, where parents have access to a variety of community resources.

Due to COVID-19 school site closures, all school in Fresno County began the 2020/2021 school year using a distance learning model since school in lieu of direct instruction. While current health conditions do not permit delivery of in-person instruction, SOUL is continuing preparing to bring students back as soon as it is safe to do so. SOUL will continue to align decision-making to public health experts at the state and county level and to orders and guidance provided by the California Governor. During the 2020-2021 school year, SOUL will continue in its efforts to assess, review, and revise current curriculum and instructional practices to further improve student academic achievement and prepare students for post-secondary experiences despite the setbacks due to COVID-19.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
SCHOOL OF UNLIMITED LEARNING  
Organization Structure  
For the Fiscal Year Ended June 30, 2020**

- The School of Unlimited Learning Charter School (SOUL) was established on July 1, 1998 as a charter school under the granting authority of the Fresno Unified School District provided on March 26, 1998. The charter number authorized by the State is 10-62166-1030642-C149.
- During the 2019-20 school year, there were no changes in the applicable boundaries.
- SOUL operates one comprehensive high school that is comprised of a classroom-based program and an independent study component. SOUL operates at one consolidated location.
- Leadership is provided by the following individuals:  
Emilia Reyes, Chief Executive Officer  
Dr. Mark A. Wilson, Chief Academic Officer / Principal
- SOUL's Governing Council Committee Appointments for 2020 were:

<b>VOTING MEMBERS</b>	<b>TARGET AREA OR TRI-PARTATE REPRESENTATIVE</b>	<b>EXPIRES</b>
ALLEN, MICHAEL	Community Representative	n/a
ALLEN, TERRY, ED.D.	Retired Teacher Representative	n/a
AYALA, ISAIAS	Student Representative	n/a
BROWN-JENKINS, ZINA	EOC Commissioner	Dec 2020
DAVIS, JEFF	Director, Employment and Training	n/a
DE JESUS PEREZ, FELIPE	EOC Commissioner	Dec 2021
FAILLA, RENA	Staff Representative	n/a
FLOREZ, CORINNE	Community Representative	n/a
FRANKLIN, MISTY	EOC Commissioner	Dec 2020
GREER, MADISON	Student Representative	n/a
GRIFFIN, COURTNEY	Staff Representative	n/a
HAIRSTON, SAM	Career	n/a
JAIME-MILEHAM, LUPE	EOC Commissioner	Dec 2020
METZLER, LARRY	Cultural Arts Rotary Interact Club	n/a
MORALES, MARIA AMARO	Parent Representative	n/a
PETROVICH, PhD, MICHAEL	Mental Health Representative	n/a
PULASKI, ANGELINA	Alternative Student Representative	n/a
RIOJAS, CHUCK	Community Member	n/a
RODGERS, JIMI	Association of Black Social Workers	Dec 2021
STARKS, JEANNE	<b>Chair</b> , Law Enforcement, Juvenile Justice System	n/a
TURNER, JOSEPH	Teacher Representative	n/a
WASHINGTON, BENITA	FSU Social Worker Representative	n/a
WILSON, DR. MARK A.	Chief Academic Officer / Principal	n/a
VACANT	FCOE - Education Representative	n/a

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
SCHOOL OF UNLIMITED LEARNING  
Organization Structure  
For the Fiscal Year Ended June 30, 2020**

- The governing board for Fresno Economic Opportunities Commission (Fresno EOC), under which SOUL operates, is comprised of the following members:

<b>COMMISSIONER</b>	<b>TARGET AREA OR TRI-PARTATE REPRESENTATIVE</b>	<b>EXPIRES</b>
ARAMBULA, AMY	14th Senatorial District	Dec 2021
BAINES, OLIVER	16th Congressional District	Dec 2020
BROWN-JENKINS, ZINA	Head Start County-Wide Policy Council	Dec 2020
CID, AMPARO	31st Assembly District	Dec 2020
COUNTEE, JEROME	SCCCD	Dec 2021
DE JESUS PEREZ, FELIPE	Target Area A	Dec 2021
FRANKLIN, MISTY	Target Area F	Dec 2020
GARABEDIAN, JR., CHARLES	Board of Supervisors	Dec 2021
HAYES, LINDA R.	Target Area H	Dec 2020
ISAAK, ANGIE	Juvenile Court	Dec 2020
JAIME-MILEHAM, LUPE	Fresno County Superintendent of Schools	Dec 2020
KEYES, RICHARD	Mayor's Appointment	Dec 2021
LEON, REY	Target Area B	Dec 2020
MARTINEZ, DANIEL	Target Area D	Dec 2021
McALISTER, PASTOR B.E.	West Fresno Faith Based Organization	Dec 2020
MCCOY, BARIGYE	Board of Supervisors	Dec 2020
NICHOLS, LISA	Target Area E	Dec 2021
PARRA, DANIEL T.	Target Area C	Dec 2020
REYES, ANDREA	Fresno County Economic Development Corporation	Dec 2020
REYNA, MICHAEL	Reel Pride	Dec 2021
ROBLES, ITZI	SEFCEDA	Dec 2021
ROBLES, CATHERINE	Target Area G	Dec 2021
RODGERS, JIMI	Association of Black Social Workers	Dec 2021
VANG, MAIYER	Fresno Center for New Americans	Dec 2021

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
SCHOOL OF UNLIMITED LEARNING**

Schedule of Budgetary Comparisons  
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Over/(Under)
	Original	Final	Actual	
REVENUE				
Revenue Limit Sources	\$ 2,236,240	\$ 2,236,240	\$ 2,320,998	\$ 84,758
Federal Revenue	65,100	65,100	96,207	31,107
Other State Revenue	239,802	239,802	373,521	133,719
Other Local Revenue	9,000	9,000	5,971	(3,029)
Total Revenue	\$ 2,550,142	\$ 2,550,142	\$ 2,796,697	\$ 246,555
EXPENDITURES				
Certificated Salaries	\$ 849,932	\$ 849,932	\$ 893,057	\$ (43,125)
Classified Salaries	384,105	384,105	353,746	30,359
Employee Benefits	425,731	425,731	409,416	16,315
Books and Supplies	78,250	78,250	66,390	11,860
Services, Other Operating	812,124	812,124	545,236	266,888
Total Expenditures	\$ 2,550,142	\$ 2,550,142	\$ 2,267,845	\$ 282,297
Other Income (Expenditure)			(23,127)	
DRAFT				
Change in Net Assets	\$ -	\$ -	\$ 505,725	\$ 528,852
Beginning Net Assets			\$ 744,905	
Ending Net Assets			\$ 1,250,630	

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
SCHOOL OF UNLIMITED LEARNING**

Schedule of Average Daily Attendance  
For the Fiscal Year Ended June 30, 2020

	<u>Second Period Report</u>	<u>Annual Report</u>
Secondary		
Classroom-Based	56.17	56.17
Independent Study	<u>122.48</u>	<u>122.48</u>
Total	<u>178.65</u>	<u>178.65</u>

**DRAFT**

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
SCHOOL OF UNLIMITED LEARNING**

Schedule of Instructional Time  
For the Fiscal Year Ended June 30, 2020

Grade Level	Actual Minutes	Minimum Instructional Minutes Required	Number of Days Traditional Calendar	Status
9th Grade	65,244	64,800	180	In Compliance
10th Grade	65,244	64,800	180	In Compliance
11th Grade	65,244	64,800	180	In Compliance
12th Grade	65,244	64,800	180	In Compliance

School of Unlimited Learning received a COVID-19 School Closure Certification for the days they were closed due to COVID-19.

**DRAFT**

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**SCHOOL OF UNLIMITED LEARNING**  
Schedule of Financial Trends and Analysis  
For the Fiscal Year Ended June 30, 2020

	2017/18	2018/19	2019/20
Revenue and Other Support	\$ 2,228,678	\$ 2,298,671	\$ 2,796,697
Expenditures	(2,228,678)	(2,198,671)	(2,267,845)
Other Income/(Expenses)	51,690	(23,128)	(23,127)
Change in Net Assets	\$ 51,690	\$ 76,872	\$ 505,725
Beginning Net Assets	616,343	668,033	744,905
Ending Net Assets	\$ 668,033	\$ 744,905	\$ 1,250,630
Average Daily Attendance at P-2	151	151.38	178.65

DRAFT

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
SCHOOL OF UNLIMITED LEARNING**

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
For the Fiscal Year Ended June 30, 2020

	Unaudited Actual	Audited Actual
Total Revenue and Other Support	\$ 2,636,153	\$ 2,796,697
Total Expenditures	(2,187,504)	(2,267,845)
Other Income/(Expenses)	-	(23,127)
Change in Net Assets	448,649	505,725
Beginning Net Assets	744,905	744,905
Ending Net Assets	<u>\$ 1,193,554</u>	<u>\$ 1,250,630</u>

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**SCHOOL OF UNLIMITED LEARNING**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2020

	Federal CFDA Number	Grant/Agreement Number	Federal Expenditures	Expenditures to Subrecipients
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Pass through California State Department of Education:				
Child and Adult Care Food Program	10.558	10-62166-1030642-01	17,276	-
<b>Total Department of Agriculture</b>			<u>17,276</u>	<u>-</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Passed through Fresno Unified School District:				
Title I, Part A Grants to Local Educational Agencies	84.010	S010A180005	59,605	-
Title II, Part A Improving Teacher Quality State Grants	84.367	S367A180005	7,037	-
Title IV, Part A Student Support and Academic Enrichment	84.424	S424A180005	10,000	-
<b>Total Department of Education</b>			<u>76,642</u>	<u>-</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
Passed through California State Department of Community Services and Development:				
Community Services Block Grant	93.569	19F-4010	17,839	-
<b>Total Department of Health and Human Services</b>			<u>17,839</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 111,757</u>	<u>\$ -</u>

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**KAKU & MERSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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 Commissioners  
School of Unlimited Learning  
Fresno Economic Opportunities Commission

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 School of Unlimited Learning of Fresno Economic Opportunities Commission, which comprise the statement of financial position as of June 30, 2020, 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 December 4, 2020.

**Internal Control Over Financial Reporting**

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

(Continued)

**KAKU & MERSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners  
Fresno Economic Opportunities Commission  
Page 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether School of Unlimited Learning of Fresno Economic Opportunities Commission'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

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KAKU & MERSINO, LLP

December 4, 2020

**KAKU & MERSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE**

Board of Commissioners  
School of Unlimited Learning  
Fresno Economic Opportunities Commission

**Report on State Compliance**

We have audited School of Unlimited Learning of Fresno Economic Opportunities Commission's compliance with the types of compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (K-12 Audit Guide), published by the California Education Audit Appeals Panel that could have a direct and material effect on the Agency's state programs identified below for the fiscal year ended June 30, 2020.

**Management's Responsibility for State Compliance**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditors' Responsibility**

**DRAFT**

Our responsibility is to express an opinion on compliance for the Agency's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance requirements 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 and the State's audit guide *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

**KAKU & MERSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners  
Fresno Economic Opportunities Commission  
Page 2

In connection with the audit referred to above, we selected and tested transactions and records to determine the Agency's compliance with State laws and regulations applicable to the following:

	<u>Procedures Performed</u>
California Clean Energy Jobs Act	No (see below)
After School Education and Safety Program	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Yes
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes-Classroom Based	Yes
Charter School Facility Grant Program	No (see below)

We did not test California Clean Energy Jobs Act , After School Education and Safety Program, and Charter School Facility Grant Program because the Charter School did not receive any funding for the year audited..

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**Opinion on State Compliance**

In our opinion, School of Unlimited Learning of Fresno Economic Opportunities Commission complied with the State laws and regulations as listed above, in all material respects, with the applicable compliance requirements for the year ended June 30, 2020. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Agency had not complied with the State laws and regulations.

KAKU & MERSINO, LLP  
December 4, 2020

**SCHOOL OF UNLIMITED LEARNING  
FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
(A Non-Profit Organization)  
Schedule of Findings and Questioned Costs  
June 30, 2020

**Section I - Summary of Auditors' Results**

1. The Independent Auditors' Report on the financial statements of School of Unlimited Learning of Fresno Economic Opportunities Commission expressed an unmodified opinion.
2. No significant deficiencies were disclosed during the audit of the financial statements that are required to be reported in the Independent Auditors' 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*. No material weaknesses are reported
3. No instances of noncompliance or other matters material to the financial statements of School of Unlimited Learning of Fresno Economic Opportunities Commission were disclosed during the audit.

**Section II – Financial Statement Findings**

None

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

None

**Section IV - Status of Prior Year Findings**

None

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**FRESNO ECONOMIC  
OPPORTUNITIES COMMISSION  
STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

**DRAFT**

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)

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**KAKU & MERSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Fresno Economic Opportunities Commission

**Report on the Financial Statements**

We have audited the accompanying financial statements of Fresno Economic Opportunities Commission's State Child Care Programs, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

**Auditors' Responsibility**

**DRAFT**

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

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

## Emphasis of Matter

As discussed in Note 1, the financial statements present only State Child Care Programs' financial statements and do not present fairly the financial position of Fresno Economic Opportunities Commission as of June 30, 2020, the changes in financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 10-32, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, which are in conformity with the CDE Audit Guide issued by the California Department of Education, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, on our consideration of Fresno Economic Opportunities Commission's State Child Care Programs' 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 Fresno Economic Opportunities Commission's State Child Care Programs' internal control over financial reporting and compliance.

KAKU & MERSINO, LLP

December 4, 2020

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
**STATEMENT OF FINANCIAL POSITION**  
JUNE 30, 2020

***ASSETS***

**ASSETS**

Cash	\$ 248,572
Accounts Receivable	
Child Care Food Program	5,024
Parent Fees	135
Child Development	2,763
Property and Equipment, net	<u>82</u>
 TOTAL ASSETS	 <u><u>\$ 256,576</u></u>

***LIABILITIES AND NET ASSETS***

**LIABILITIES**

Reserve Fund	<u>\$ 249,994</u>
 TOTAL LIABILITIES	 249,994

**NET ASSETS**

Net Assets without donor restrictions	<u>6,582</u>
 TOTAL NET ASSETS	 <u>6,582</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 256,576</u></u>

**DRAFT**

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

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
**STATEMENT OF ACTIVITIES**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NET ASSETS without donor restrictions**

**REVENUES & SUPPORT**

Child Development Funding	\$ 1,327,325
QRIS Funding	30,000
Child Care Food Program	28,797
Parent Fees - Certified	<u>5,307</u>

TOTAL REVENUES & SUPPORT	<u>1,391,429</u>
--------------------------	------------------

**EXPENSES**

Program Services	
Salaries	756,206
Employee Benefits	306,233
Books & Supplies	83,948
Other Operating Expenditures	152,002
Depreciation	<u>986</u>

Total Program Services	<u>1,299,375</u>
------------------------	------------------

Supportive Services	
Administration	<u>93,040</u>

Total Support Services	<u>93,040</u>
------------------------	---------------

TOTAL EXPENSES	<u>1,392,415</u>
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CHANGE IN NET ASSETS	<u>(986)</u>
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NET ASSETS AT BEGINNING OF YEAR	<u>7,568</u>
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NET ASSETS AT END OF YEAR	<u><u>\$ 6,582</u></u>
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The accompanying notes are an integral part of the financial statements.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
**STATEMENT OF CASH FLOWS**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (986)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	986
(Increase) decrease in:	
Accounts Receivable - Child Care Food Program	3,487
Accounts Receivable - Parent Fees	208
Accounts Receivable - Child Development	80,124
Increase (decrease) in:	
Deferred Revenue	(30,000)
Reserve Fund	38,002
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>91,821</u>

NET CASH FROM INVESTING ACTIVITIES

Acquisition of Equipment	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>-</u>

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NET INCREASE IN CASH	91,821
CASH AT BEGINNING OF YEAR	<u>156,751</u>
CASH AT END OF YEAR	<u><u>\$ 248,572</u></u>

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

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

Note 1. NATURE OF ACTIVITIES

Fresno Economic Opportunities Commission (the "Agency") is a California non-profit organization formed in August 1965. The Agency is a local community human services agency that provides assistance to economically and socially disadvantaged persons in the Fresno County region through various types of health and welfare services and programs. The majority of the Agency's funding is supported by grants from federal, state, and local governments, with additional sources of revenue from fees for services, in-kind and donor contributions.

The Agency administers two State funded child care programs. The School Age Child Care Program provides safe and quality before and after school childcare for children 5-12 years of age in three rural sites in Fresno County. The State Preschool Program provides an educational program for low-income, disadvantaged 3-4 year old children. Both programs provide a safe environment for children while the parents are working, going to school, or are in training, and the School Age Child Care Program provides day care during holidays and breaks when school is not in session. Both programs provide experiences for children which will influence their total development and serves children's physical, social, emotional, and cognitive needs. The Program staff work towards designing an environment that will foster school and community values while being sensitive to the individual needs and preferences of the child and his/her family. The Program serves subsidized and low-income families, based on income and number in the family. The Program operated eight locations in Fresno County.

In addition to the program audit of School Age Child Care Program and State Preschool Program contained herein, the Agency is audited on an organizational wide basis annually. Accordingly, the accompanying financial statements contain only the financial information and disclosures pertaining to State Child Care Programs' June 30 fiscal year-end.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Agency uses a centralized cash, payroll, and accounts payable system for all programs it administers. Each program is billed for its specific payroll and accounts payable.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30, 2020

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Agency had no temporarily or permanently restricted net assets during the year ended June 30, 2020.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Agency considers deposits in banks and investments purchased with a maturity of three months or less to be cash equivalents.

State Child Development Reserves

The funding agreements with the California Department of Education (CDE) allow the Agency to record deferred revenue for the amounts earned during the current year. This funding is available for future grant periods on allowable expenditures. The reserve fund is limited to 15% of CDE childcare funding with any excess amount recorded as payable to CDE.

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Property and Equipment

Contributed property and equipment are recorded at fair value on the date of donation. Contributions of property and equipment are recorded as unrestricted support, unless the donor stipulates how long the assets must be used.

Property and equipment purchased with Agency funds are capitalized at cost and depreciated over the useful estimated lives of the asset using the straight-line method. Amortization of building improvements is based on the estimated useful life of the improvements. Depreciation and amortization expense is charged against operations. Expenditures for property and equipment in excess of \$5,000 are capitalized.

Property and equipment purchased with grant funds are depreciated using the straight-line method over the estimated useful life of the assets. Depreciation of these assets is charged against grant funded assets in the Statement of Activities.

In the event of a contract termination, certain funding sources require title to property and equipment previously purchased with grant funds revert to the funding source. Certain funding sources also limit the use of property and equipment for specific programs and require approval for disposition of property and equipment.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30, 2020

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through December 4, 2020, the date the financial statements were available to be issued. On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net assets available for benefits. Other financial impact could occur though such potential impact is unknown at this time.

Income Tax Status

The Agency is a non-profit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the Franchise Tax Board under Section 23701(d) which exempts it from state income taxes. The Agency's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Use of Estimates

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Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Vacation and Sick Leave

Accumulated unpaid vacation benefits are recognized as a liability of the Agency. The expenditure is recognized in the program to which the liability relates. Accumulated employee sick leave benefits are not recognized as liabilities of the Agency since payment of such benefits is not probable or estimable. Therefore, sick leave benefits are recorded as expenditures in the period sick leave is taken.

Functional Allocation of Expense

The costs of providing State Child Care Programs' various charitable and general services have been summarized on a functional basis in the Statement of Activities. Accordingly, direct and indirect expenses have been allocated to program services or other activities based on their specific identification or the personnel resources utilized in the function. Supporting services consist principally of general, administrative and management costs not directly allocable to Program Services.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

Note 3. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash balances and grant receivables.

The Agency maintains cash balances at several financial institutions located in Fresno, California and one in San Francisco, California. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Concentration of credit risk with respect to grant receivables are limited due to receivables being from governmental agencies.

Note 4. PROPERTY AND EQUIPMENT

Building	\$ 136,900
Accumulated Depreciation	<u>( 136,818)</u>
Net property & equipment	<u>\$ 82</u>

Depreciation expense on grant funded assets for year ended June 30, 2020 was \$986.

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Note 5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Agency's liquidity and availability of financial assets are reported on the Agency's annual audit. State Child Care Programs' financial assets primarily consists of cash which is recorded at the Agency's level.

Note 6. PENSION PLAN

The Agency contributes to a defined contribution pension plan which covered substantially all employees of the Agency. Contributions are based on years of service and does not allow contributions to be made if programs sponsored by federal, state or local government does not allow for funding of such benefits. The amount contributed by the Agency related to the State Child Care Programs for fiscal year ended June 30, 2020 was approximately \$23,338.

**FRESNO ECONOMIC  
OPPORTUNITIES COMMISSION  
STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)

SUPPLEMENTARY INFORMATION

FISCAL YEAR ENDED JUNE 30, 2020

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE FISCAL YEAR JUNE 30, 2020**

<u>Program/Contract Name</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Award Amount</u>	<u>Disbursements/ Expenditures</u>	<u>Expenditures to Subrecipients</u>
<b>FEDERAL</b>					
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>					
Passed through California Department of Education:					
Child Care Food Program	10.558	10-2229-2C	\$ 28,797	\$ 28,797	\$ -
<b>Total Department of Agriculture</b>			<u>28,797</u>	<u>28,797</u>	<u>-</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
Passed through California Department of Education:					
Child Care and Development Block Grant	93.575	CCTR-9033	64,066	64,066	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-9033	139,367	139,367	-
<b>Total Department of Health and Human Services</b>			<u>203,433</u>	<u>203,433</u>	<u>-</u>
<b>Total Federal Assistance</b>			<u>\$ 232,230</u>	<u>\$ 232,230</u>	<u>\$ -</u>
<b>STATE</b>					
California Department of Education:					
State Meal Reimbursement	-	10-2229-2C	\$ -	\$ -	\$ -
Child Development Services					
California State Preschool	-	CSPP-9072	1,074,224	997,127	-
General Child Care	-	CCTR-9033	388,969	126,765	-
<b>Total State Assistance</b>			<u>\$ 1,463,193</u>	<u>\$ 1,123,892</u>	<u>\$ -</u>

**Note - Basis of Presentation**

The Schedule of Expenditures of Federal and State Awards include the expenditures of federal and state awards of the State Child Care Programs of Fresno Economic Opportunities Commission and is presented on the accrual basis of accounting in conformity with generally accepted accounting principles.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
COMBINING STATEMENTS OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	CSPP-9072	QRIS	CCTR-9033	Total
<b><u>NET ASSETS without donor restrictions</u></b>				
<b><u>REVENUES &amp; SUPPORT</u></b>				
Child Development Funding	\$ 997,127	\$ -	\$ 330,198	\$ 1,327,325
QRIS Funding	-	30,000	-	30,000
Child Care Food Program	20,227	-	8,570	28,797
Family Fees - Certified	1,064	-	4,243	5,307
<b>TOTAL REVENUES &amp; SUPPORT</b>	<b>1,018,418</b>	<b>30,000</b>	<b>343,011</b>	<b>1,391,429</b>
<b><u>EXPENSES</u></b>				
Salaries	558,084	-	198,122	756,206
Employee Benefits	252,666	-	53,567	306,233
Books & Supplies	35,337	30,000	18,611	83,948
Other Operating Expenditures	101,747	-	50,255	152,002
General, Administrative, & Indirect	70,584	-	22,456	93,040
Depreciation	-	-	986	986
<b>TOTAL EXPENSES</b>	<b>1,018,418</b>	<b>30,000</b>	<b>343,997</b>	<b>1,392,415</b>
<b>CHANGE IN NET ASSETS</b>	<b>-</b>	<b>-</b>	<b>(986)</b>	<b>(986)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>7,568</b>	<b>7,568</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,582</b>	<b>\$ 6,582</b>

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
STATE CHILD CARE PROGRAMS**

(A Non-Profit Organization)

**SCHEDULE OF EXPENDITURES BY STATE CATEGORIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	CSPP-9072	CCTR-9033	Total CDE Funds
<b>EXPENDITURES</b>			
1000 - Certificated Salaries	\$ 558,084	190,500	\$ 748,584
2000 - Classified Salaries	-	7,622	7,622
3000 - Employee Benefits	252,666	53,567	306,233
4000 - Books & Supplies	35,337	18,611	53,948
5000 - Services and Other Operating Expenses	101,747	50,255	152,002
6100/6200 - Other Approved Capital Outlay	-	-	-
6400 - New Equipment	-	-	-
Start-Up Expenses	-	-	-
Indirect Costs	70,584	22,456	93,040
<b>Total Expenses Claimed for Reimbursement</b>	<b>\$ 1,018,418</b>	<b>\$ 343,011</b>	<b>\$ 1,361,429</b>

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**Notes:**

An approved written indirect cost rate is on file.

We have examined the claims filed for reimbursement and the original supporting records covering the transaction 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 ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
**RECONCILIATION OF STATE CHILD CARE PROGRAMS EXPENDITURES**  
**JUNE 30, 2020**

1.	Total agency expenditures for the year ended December 31, 2019		\$ 113,067,702
2.	Less: Expenditures for programs unrelated to Child Development Fund		<u>(111,660,523)</u>
3.	Total Child Development Expenditures for the year ended Dec. 31, 2019		
	State Preschool	\$ 999,912	
	General Child Care	<u>407,267</u>	1,407,179
4.	Less: Child Development expenditures - Jan. 1, 2019 to June 30, 2019		
	State Preschool	(531,462)	
	General Child Care	<u>(206,621)</u>	(738,083)
5.	Add: Child development expenditures - Jan. 1, 2020 to June 30, 2020		
	State Preschool	549,968	
	Supplemental	30,000	
	General Child Care	<u>143,351</u>	723,319
6.	Total Child Development expenditures - July 1, 2019 to June 30, 2020		
	State Preschool	1,018,418	
	Supplemental	30,000	
	General Child Care	<u>343,997</u>	
			<u><u>\$ 1,392,415</u></u>

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
**RECONCILIATION OF CDE AND GAAP EXPENSE REPORTING**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>CSP-9072</u>	<u>CCTR-9033</u>	<u>Total</u>
Schedule of Expenditures by State Categories	\$ 1,018,418	\$ 343,011	\$ 1,361,429
Depreciation on assets funded by CDE (1)	-	986	986
Combining Statement of Activities	<u>\$ 1,018,418</u>	<u>\$ 343,997</u>	<u>\$ 1,362,415</u>

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

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
**SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	CSPP-9072	CCTR-9033	Total
<u>Capitalized Equipment Expended on the AUD with Prior Written Approval</u>			
None	\$ -	\$ -	\$ -
<b>Total</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>Capitalized Equipment Expended on the AUD without Prior Written Approval</u>			
None	\$ -	\$ -	\$ -
<b>Total</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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Note: Fresno Economic Opportunities Commission's capitalization threshold is \$5,000.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
**SCHEDULE OF CLAIMED EXPENDITURES FOR RENOVATIONS & REPAIRS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	CSPP-9072	CCTR-9033	Total
<hr/>			
<u>Unit Costs Under \$10,000 per Item</u>			
None	\$ -	\$ -	\$ -
<b>Total</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>Unit Costs \$10,000 or more per Item With Prior Written Approval</u>			
None	\$ -	\$ -	\$ -
<b>Total</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>Unit Costs \$10,000 or more per Item Without Prior Written Approval</u>			
None	\$ -	\$ -	\$ -
<b>Total</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note: Fresno Economic Opportunities Commission's capitalization threshold is \$5,000.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
STATE CHILD CARE PROGRAMS**

(A Non-Profit Organization)

**SCHEDULE OF CLAIMED ADMINISTRATIVE COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>CSP-9072</u>	<u>CCTR-9033</u>	<u>Total CDE</u>
<u>Reimbursable Administrative Costs</u>			
Indirect Costs	\$ 70,584	\$ 22,456	\$ 93,040
Salaries & Benefits	-	21,574	21,574
Professional Services	2,543	1,034	3,577
Occupancy	-	5,102	5,102
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 73,127</u>	<u>\$ 50,166</u>	<u>\$ 123,293</u>

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# California Department of Education Audited Attendance and Fiscal Report for California State Preschool Programs

A U D 8501 Page 1 of 8

Fiscal Year Ending **June 30, 2020**

Contract Number **CSPP-9072**

Vendor Code **J067**

Full Name of Contractor **Fresno County Economic Opportunities Commission**

## Section 1 - Days of Enrollment Certified Children

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	4,739		4,739	1.0000	4,739
Three Years and Older Three-quarters-time	6,827		6,827	0.7500	5,120.25
Three Years and Older One-half-time	7,861		7,861	0.6193	4,868.3173
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time	398		398	1.5400	612.92
Exceptional Needs Three-quarters-time	650		650	1.1550	750.75
Exceptional Needs One-half-time	365		365	0.9537	348.1005
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time	1,389		1,389	1.1000	1,527.9
Limited and Non-English Proficient Three-quarters-time	1,559		1,559	0.8250	1,286.175
Limited and Non-English Proficient One-half-time	4,279		4,279	0.6193	2,649.9847

Full Name of Contractor **Fresno County Economic Opportunities Commission****Section 1 - Days of Enrollment Certified Children (continued)**

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>28,067</b>		<b>28,067</b>	N/A	<b>21,903.3975</b>
<b>DAYS OF OPERATION</b>	<b>231</b>	<b>12</b>	<b>243</b>	N/A	N/A
<b>DAYS OF ATTENDANCE</b>	<b>26,549</b>	<b>1,406</b>	<b>27,955</b>	N/A	N/A

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☒ NO NON-CERTIFIED CHILDREN Check this box (omit pages 3 and 4) and continue to Revenue Section on page 5.

Full Name of Contractor

Fresno County Economic Opportunities Commission

Section 3 - Revenue

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	19,524	703	20,227
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	19,524	703	20,227
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Family Fees for Certified Children	1,064		1,064
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:	30,000	-30,000	0
Total Revenue	50,588	-29,297	21,291

Comments:

Full Name of Contractor **Fresno County Economic Opportunities Commission****Section 4 - Reimbursable Expenses**

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	555,573	2,511	558,084
2000 Classified Salaries			
3000 Employee Benefits	252,384	282	252,666
4000 Books and Supplies	34,583	754	35,337
5000 Services and Other Operating Expenses	99,127	2,620	101,747
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)	<b>DRAFT</b>		
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)	70,584		70,584
Non-Reimbursable (State use only)			
<b>Total Reimbursable Expenses</b>	<b>1,012,251</b>	<b>6,167</b>	<b>1,018,418</b>
Total Administrative Cost (included in Section 4 above)	73,127		73,127
Total Staff Training Cost (included in Section 4 above)	3,027		3,027

Approved Indirect Cost Rate: 7.5%

☐ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Full Name of Contractor

Fresno County Economic Opportunities Commission

Section 5 - Supplemental Revenue

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other: Fresno County Office of Education - Early Stars	30,000		30,000
Other:			
Total Supplemental Revenue	30,000		30,000

Section 6 - Supplemental Expenses

DRAFT	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies	30,000		30,000
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
Total Supplemental Expenses	30,000		30,000

Section 7 - Summary

	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	28,067		28,067
Days of Operation	231	12	243
Days of Attendance	26,549	1,406	27,955
Restricted Program Income	19,524	703	20,227
Transfer from Reserve			
Family Fees for Certified Children	1,064		1,064
Interest Earned on Apportionment Payments			
Direct Payments to Providers	DRAFT		
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	1,012,251	6,167	1,018,418
Total Administrative Cost	73,127		73,127
Total Staff Training Cost	3,027		3,027

Total Certified Adjusted Days of Enrollment

21,903.3975

Total Non-Certified Adjusted Days of Enrollment

0

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box):

Yes

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box):

Yes

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

Page

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# California Department of Education Audited Attendance and Fiscal Report for Child Development Programs

Fiscal Year Ending **June 30, 2020**

Contract Number **CCTR-9033**

Vendor Code **J067**

A U D 9500 Page 1 of 8

Full Name of Contractor **Fresno County Economic Opportunities Commission**

## Section 1 - Days of Enrollment Certified Children

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	0
Infants (up to 18 months) Full-time				2.4400	0
Infants (up to 18 months) Three-quarters-time				1.8300	0
Infants (up to 18 months) One-half-time				1.3420	0
Toddlers (18 up to 36 months) Full-time-plus	<b>DRAFT</b>			2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus	220		220	1.1800	259.6
Three Years and Older Full-time	1,271		1,271	1.0000	1,271
Three Years and Older Three-quarters-time	207	-6	201	0.7500	150.75
Three Years and Older One-half-time	6,250	40	6,290	0.5500	3,459.5
Exceptional Needs Full-time-plus	22		22	1.8172	39.9784
Exceptional Needs Full-time	170		170	1.5400	261.8
Exceptional Needs Three-quarters-time	27		27	1.1550	31.185
Exceptional Needs One-half-time	807	6	813	0.8470	688.611

Full Name of Contractor **Fresno County Economic Opportunities Commission****Section 1 - Days of Enrollment Certified Children (continued)**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus	44		44	1.2980	57.112
Limited and Non-English Proficient Full-time	299		299	1.1000	328.9
Limited and Non-English Proficient Three-quarters-time	49	-2	47	0.8250	38.775
Limited and Non-English Proficient One-half-time	1,713	-2	1,711	0.6050	1,035.155
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time	<b>DRAFT</b>			0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6050	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT</b>	<b>11,079</b>	<b>36</b>	<b>11,115</b>	<b>N/A</b>	<b>7,622.3664</b>
<b>DAYS OF OPERATION</b>	<b>249</b>		<b>249</b>	<b>N/A</b>	<b>N/A</b>
<b>DAYS OF ATTENDANCE</b>	<b>11,067</b>	<b>36</b>	<b>11,103</b>	<b>N/A</b>	<b>N/A</b>

☒ NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-4) and continue to Revenue Section on page 5.

Full Name of Contractor

Fresno County Economic Opportunities Commission

Section 3 - Revenue

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	8,570		8,570
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	8,570		8,570
Transfer From Reserve			
Family Fees for Certified Children	4,243		4,243
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue	12,813		12,813

Comments:

Full Name of Contractor **Fresno County Economic Opportunities Commission****Section 4 - Reimbursable Expenses**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	188,858	1,642	190,500
2000 Classified Salaries	7,622		7,622
3000 Employee Benefits	53,293	274	53,567
4000 Books and Supplies	18,732	-121	18,611
5000 Services and Other Operating Expenses	49,959	296	50,255
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)	23,866	-1,410	22,456
Non-Reimbursable (State use only)			
<b>Total Reimbursable Expenses</b>	<b>342,330</b>	<b>681</b>	<b>343,011</b>
Total Administrative Cost (included in Section 4 above)	51,576	-1,410	50,166
Total Staff Training Cost (included in Section 4 above)			

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Approved Indirect Cost Rate: 7.5%

☒ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Full Name of Contractor **Fresno County Economic Opportunities Commission****Section 7 - Summary**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	11,079	36	11,115
Days of Operation	249		249
Days of Attendance	11,067	36	11,103
Restricted Program Income	8,570		8,570
Transfer from Reserve			
Family Fees for Certified Children	4,243		4,243
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	342,330	681	343,011
Total Administrative Cost	51,576	-1,410	50,166
Total Staff Training Cost			

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Total Certified Adjusted Days of Enrollment **7,622.3664**Total Non-Certified Adjusted Days of Enrollment **0**

Independent auditor's assurances on agency's compliance with contract funding terms and conditions and program requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box):

YES

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box):

YES

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

# California Department of Education

## Audited Reserve Account Activity Report

A U D 9530A Page 1 of 1

Fiscal Year End

June 30, 2020

Reserve Account Type

Center-Based

Vendor Code

J067

Full Name of Contractor **Fresno County Economic Opportunities Commission**

### Section 1 - Prior Year Reserve Account Activity

1. Beginning Balance (2018–19 AUD 9530A Ending Balance)	134,490
2. Plus Transfers to Reserve Account:	Per 2018–19 Post-Audit CDNFS 9530
Contract No.CSPP-8071	17,118
Contract No.CSPP-8032	60,384
Contract No.	
Contract No.	
Contract No.	
Contract No.	
<b>Total Transferred from 2018–19 Contracts to Reserve</b>	<b>77,502</b>
3. Less Excess Reserve to be Billed	
<b>4. Ending Balance per 2018–19 Post-Audit CDNFS 9530</b>	<b>211,992</b>

### Section 2 - Current Year Reserve Account Activity

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve <b>DRAFT</b>	212		212
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No.			
CSPP General-Contract No.			
CSPP Professional Development-Contract No.			
CSPP Professional Development-Contract No.			
<b>Subtotal CSPP Transfers</b>			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
<b>Subtotal Other Contract Transfers</b>			
<b>Total Transferred to Contracts from Reserve Account</b>			
<b>7. Ending Balance on June 30, 2020</b>	<b>212,204</b>		<b>212,204</b>

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

Line 2 Transfers to reserve are estimated since the prior audit has not been closed out.  
Financial position \$249,994 includes current year accrual \$37,790.

**KAKU & MERSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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 Commissioners  
Fresno Economic Opportunities Commission

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 Economic Opportunities Commission's State Child Care Programs, which comprise the statement of financial position as of June 30, 2020, 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 December 4, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fresno Economic Opportunities Commission's State Child Care Programs' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fresno Economic Opportunities Commission's State Child Care Programs' internal control. Accordingly, we do not express an opinion on the effectiveness of Fresno Economic Opportunities Commission's State Child Care Programs' 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.

(Continued)

**KAKU & MERSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners  
Fresno Economic Opportunities Commission  
Page 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fresno Economic Opportunities Commission's State Child Care Programs' 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

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KAKU & MERSINO, LLP

December 4, 2020

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**STATE CHILD CARE PROGRAMS**  
(A Non-Profit Organization)  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2020**

A. Summary of Auditors' Results

1. The Independent Auditors' Report on the financial statements of Fresno Economic Opportunities Commission's State Child Care Programs expressed an unmodified opinion.
2. No significant deficiencies were disclosed during the audit of the financial statements that are required to be reported in the Independent Auditors' 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*. No material weaknesses are reported.
3. No instances of noncompliance or other matters material to the financial statements of Fresno Economic Opportunities Commission's State Child Care Programs were disclosed during the audit.

B. Findings and Questioned Costs

None

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C. Status of Prior Year Findings

None

**FRESNO ECONOMIC  
OPPORTUNITIES COMMISSION**

**URBAN CONSOLIDATED  
TRANSPORTATION SERVICE AGENCY**

FINANCIAL STATEMENTS  
WITH ACCOMPANYING INFORMATION  
FOR THE YEARS ENDED JUNE 30, 2020  
AND JUNE 30, 2019

**DRAFT**

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
URBAN CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION  
YEARS ENDED JUNE 30, 2020 AND 2019**

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**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Fresno Economic Opportunities Commission

**Report on the Financial Statements**

We have audited the accompanying financial statements of Fresno Economic Opportunities Commission's Urban Consolidated Transportation Service Agency, which comprise the statements of financial position as of June 30, 2020 and 2019, 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fresno Economic Opportunities Commission's Urban Consolidated Transportation Service Agency'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 Economic Opportunities Commission's Urban Consolidated Transportation Service Agency, as of June 30, 2020 and 2019, 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.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only Urban Consolidated Transportation Service Agency's financial statements and do not present the financial position of Fresno Economic Opportunities Commission as of June 30, 2020 and 2019, the changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matter - Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Our audit was also made for the purpose of determining compliance with the applicable statutes, rules, and regulations of the Transportation Development Act, and the allocation instructions and resolutions of the Fresno Council of Governments for the years ended June 30, 2020 and 2019. The accompanying supplementary information on pages 10-12, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole, and the funds allocated to, and received by the Fresno Economic Opportunities Commission's Urban Consolidated Transportation Service Agency were expended in conformance with applicable statutes, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Fresno Council of Governments for the years ended June 30, 2020 and 2019.

KAKU & MERSINO, LLP

December 4, 2020

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**URBAN CONSOLIDATED TRANSPORTATION SERVICE AGENCY**  
 STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2020 and 2019

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS</b>		
Current Assets		
Accounts Receivable	\$ 674,428	\$ 465,316
Interfund Receivable	6,075	-
Deposits	<u>-</u>	<u>12,539</u>
Total Current Assets	<u>680,503</u>	<u>477,855</u>
Property and Equipment	6,551,911	6,106,695
Less Accumulated Depreciation	<u>(4,755,205)</u>	<u>(4,463,565)</u>
Net Property and Equipment	<u>1,796,706</u>	<u>1,643,130</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,477,209</u></u>	<u><u>\$ 2,120,985</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ -	\$ 1,465
Interfund Payable	-	269,043
Refundable Advances	<u>557,347</u>	<u>73,322</u>
Total Current Liabilities	<u>557,347</u>	<u>343,830</u>
<b>TOTAL LIABILITIES</b>	<u>557,347</u>	<u>343,830</u>
Net Assets		
Net Assets without Donor Restrictions	<u>1,919,862</u>	<u>1,777,155</u>
<b>TOTAL NET ASSETS</b>	<u>1,919,862</u>	<u>1,777,155</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,477,209</u></u>	<u><u>\$ 2,120,985</u></u>

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

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**URBAN CONSOLIDATED TRANSPORTATION SERVICE AGENCY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2020 and 2019**

	Year Ended June 30, 2020	Year Ended June 30, 2019
<b>Changes in Net Assets without Donor Restrictions</b>		
Revenue and Support		
Special Transit Fares	\$ 2,076,338	\$ 1,618,041
School Bus Service Revenues	454,146	460,529
Auxiliary Transportation	277,790	173,296
Local Transportation Fund	619,669	1,760,460
Non-Transportation Revenue	-	10,993
<b>TOTAL REVENUES AND SUPPORT</b>	<u>3,427,943</u>	<u>4,023,319</u>
Program Expenses		
Labor	1,599,323	1,930,696
Fringe Benefits	696,015	805,276
Services	392,934	303,733
Materials & Supplies	359,759	515,565
Utilities	53,127	44,963
Casualty & Liability Costs	111,019	149,686
Miscellaneous	19,423	30,485
Leases & Rentals	14,335	6,204
<b>TOTAL PROGRAM EXPENSES</b>	<u>3,245,935</u>	<u>3,786,608</u>
General and Administrative Expenses:		
Administrative Services	182,008	236,711
<b>TOTAL EXPENSES</b>	<u>3,427,943</u>	<u>4,023,319</u>
<b>EXCESS OF REVENUES AND SUPPORT OVER EXPENSES</b>	<u>-</u>	<u>-</u>
Other Revenues/(Expenses)		
Capital Revenue	432,676	-
Depreciation - Grant Funded Assets	(289,969)	(251,008)
Total Other Revenues/(Expenses)	<u>142,707</u>	<u>(251,008)</u>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	142,707	(251,008)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,777,155</u>	<u>2,028,163</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 1,919,862</u></u>	<u><u>\$ 1,777,155</u></u>

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

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**URBAN CONSOLIDATED TRANSPORTATION SERVICE AGENCY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 and 2019**

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>
Cash Flows From Operating Activities		
Reconciliation of Changes in Net Assets to Net Cash		
Increase/(Decrease) in Net Assets	\$ 142,707	\$ (251,008)
Depreciation	292,685	251,008
Disposal of Equipment	-	401
Change in operating assets and liabilities:		
(Increase)/Decrease in Accounts Receivable	(209,112)	(180,365)
(Increase)/Decrease in Deposits	12,539	(12,539)
(Increase)/Decrease in Interfund	(276,163)	933,930
Increase/(Decrease) in Accounts Payable	(1,465)	(5,004)
Increase/(Decrease) in Refundable Advances	484,025	(736,423)
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>445,216</u>	<u>-</u>
Cash Flows From Investing Activities		
Purchase Equipment	<u>(445,216)</u>	<u>-</u>
<b>Net Cash Provided (Used) By Investing Activities</b>	<u>(445,216)</u>	<u>-</u>
Cash Flows From Financing Activities		
Transfer from Restricted Assets	<u>-</u>	<u>-</u>
<b>Net Cash Provided (Used) By Financing Activities</b>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash</b>	<u>-</u>	<u>-</u>
<b>Cash at Beginning of Year</b>	<u>-</u>	<u>-</u>
<b>Cash at End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
URBAN CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 1. NATURE OF ACTIVITIES**

Fresno Economic Opportunities Commission (the "Agency") is a California non-profit organization formed in August 1965. The Agency is a local community human services agency that provides assistance to economically and socially disadvantaged persons in the Fresno County region through various types of health and welfare services and programs. The majority of the Agency's funding is supported by grants from federal, state, and local governments, with additional sources of revenues from fees for services, in-kind and donor contributions.

The Agency formed the Consolidated Transportation Service Agency ("CTSA") for the purpose of serving the transportation needs of Metropolitan and Rural Fresno County. The Agency, as co-designate with the City of Fresno, is the lead social service agency in administering the CTSA operations for the Fresno Metropolitan Area.

The CTSA is a program component of the Agency and was established to operate and administer various federal and state grant programs related to transportation services. In addition to the program audit of the CTSA contained herein, the Agency is audited on an organizational wide basis annually. Accordingly, the accompanying financial statements contain only the financial information and disclosures pertaining to the CTSA program. The Rural CTSA program has been reported separately.

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**Basis of Accounting**

The financial statements of the Agency have been prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

The Agency reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Agency considers deposits in banks, certificates of deposit, and investments purchased with a maturity of three months or less to be cash equivalents. Certain funding agencies require cash to be held in separate bank accounts.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
URBAN CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts and Grants Receivable**

Accounts receivable are amounts due from various agencies and entities for services performed under fee for service contracts. Grants receivable are amounts due from federal, state, or local funding sources for services performed under cost reimbursement contracts. Management considers all amounts to be fully collectible, and therefore no allowance for doubtful accounts related to accounts or grants receivables have been recorded in the accompanying financial statements.

**Property and Equipment**

Contributed property and equipment are recorded at fair value on the date of donation. Contributions of property and equipment are recorded as unrestricted support, unless the donor stipulates how long the assets must be used.

Property and equipment purchased with Agency funds are capitalized at cost and depreciated over the useful estimated lives of the asset using the straight-line method. Amortization of building improvements is based on the estimated useful life of the improvements. Depreciation and amortization expense is charged against operations. Expenditures for property and equipment in excess of \$5,000 are capitalized.

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Property and equipment purchased with grant funds are depreciated using the straight-line method over the estimated useful life of the assets. Depreciation of these assets is charged against grant funded assets in the Statement of Activities.

In the event of a contract termination, certain funding sources require title to property and equipment purchased with grant funds revert to the funding source. Certain funding sources also limit the use of property and equipment for specific programs and require approval for disposition of property and equipment.

**Restricted Assets**

The Agency as an Urban CTSA has been awarded capital grants to purchase vehicles and equipment under Federal Transportation Administration ("FTA") Section 5310. In accordance with the FTA's instructions, the local match required is deposited into a special bank account prior to any purchase. When all project equipment has been purchased, all remaining funds in the account, including interest earned, are returned to the grantee.

**Refundable Advances**

Transportation Development Act ("TDA") funds received but not expended in the program year are deferred and carried forward to the subsequent year. Interest earned on carryover funds is included as current year revenues on the Statement of Activities.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
URBAN CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and Support**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Agency reports the support as net assets without donor restrictions.

**Income Tax Status**

The Agency is a non-profit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the Franchise Tax Board under Section 23701(d) which exempts it from state income taxes. The Agency's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**Subsequent Events**

Management has evaluated subsequent events through December 4, 2020, the date the financial statements were available to be issued.

**Note 3. CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash balances and grant receivables. The Agency maintains cash balances at several financial institutions located in Fresno, California and one in San Francisco, California. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Concentration of credit risk with respect to grant receivables are limited due to receivables being from government agencies.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
URBAN CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>Useful Life</u>	<u>2020</u>	<u>2019</u>
Vehicles	5 Years	\$ 4,169,339	\$ 3,724,123
Building	30 Years	1,941,150	1,941,150
Leasehold Improvements	15 Years	420,363	420,363
Equipment	3-5 Years	<u>21,059</u>	<u>21,059</u>
Total		6,551,911	6,106,695
Accumulated Depreciation		<u>(4,755,205)</u>	<u>(4,463,565)</u>
Net Property & Equipment		<u>\$ 1,796,706</u>	<u>\$ 1,643,130</u>

Depreciation for property and equipment acquired with grant funds amount to \$289,969 and \$251,008 and for agency funds amount to \$2,716 and \$568 for the years ended June 30, 2020 and 2019, respectively.

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**Note 5. CAPITAL REVENUE**

Capital Revenue from FTA Capital Grants Section 5310 was \$432,676 and \$0 for the years ended June 30, 2020 and 2019, respectively. Capital local transportation funds of \$0 and \$500 were utilized for vehicle purchases in the years ending June 30, 2020 and 2019.

**Note 6. PENSION PLAN**

The Agency contributes to a defined contribution pension plan which covers substantially all employees of the Agency. Generally, the Agency contributes an amount equal to five percent (5%) of the compensation earned by each eligible employee. Employer contributions are vested immediately. Annual contributions are disclosed in the Agency's organization-wide audit.

**Note 7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Agency's liquidity and availability of financial assets are reported on the Agency's annual audit. Urban CTSA's financial assets primarily consists of cash which is recorded at the Agency's level.

**ACCOMPANYING INFORMATION**

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
URBAN CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**SCHEDULE OF LOCAL TRANSPORTATION FUNDS ALLOCATED AND DISBURSED  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Year Ended June 30, 2020</u>		
	<u>Operations</u>	<u>Capital</u>	<u>Total</u>
Amount approved and allocated by Fresno Council of Governments (4.5 LTF Funds)	\$1,103,197	\$ -	\$1,103,197
Carryover available	73,322	-	73,322
Interest	497		497
Transfer to Capital	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$1,177,016</u>	<u>\$ -</u>	<u>\$1,177,016</u>
Net reimbursable costs submitted by the Agency Urban CTSA	\$ 619,669	\$ -	\$ 619,669
Local match for capital projects	<u>-</u>	<u>-</u>	<u>-</u>
Net amount disbursed during the period	<u>619,669</u>	<u>-</u>	<u>619,669</u>
Amount due from contractor	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amount available for carryover	<u>\$ 557,347</u>	<u>\$ -</u>	<u>\$ 557,347</u>

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
URBAN CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**SCHEDULE OF LOCAL TRANSPORTATION FUNDS ALLOCATED AND DISBURSED  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Year Ended June 30, 2019</u>		
	<u>Operations</u>	<u>Capital</u>	<u>Total</u>
Amount approved and allocated by Fresno Council of Governments (4.5 LTF Funds)	\$1,023,796	\$ -	\$1,023,796
Carryover available	809,745	-	809,745
Interest	741		741
Transfer to Capital	<u>(500)</u>	<u>500</u>	<u>-</u>
	<u>\$1,833,782</u>	<u>\$ 500</u>	<u>\$1,834,282</u>
Net reimbursable costs submitted by the Agency Urban CTSA	\$1,760,460	\$ -	\$1,760,460
Local match for capital projects	<u>-</u>	<u>500</u>	<u>500</u>
Net amount disbursed during the period	<u>1,760,460</u>	<u>500</u>	<u>1,760,960</u>
Amount due from contractor	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amount available for carryover	<u>\$ 73,322</u>	<u>\$ -</u>	<u>\$ 73,322</u>

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
URBAN CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**SCHEDULE OF REVENUE RATIOS FOR TRANSIT SERVICES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>
Ratio of Fare Revenues to Operating Costs	78%	55%
Ratio of Local Support Revenues to Operating Costs Minus Exclusions	87%	59%

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**FRESNO ECONOMIC  
OPPORTUNITIES COMMISSION**

**RURAL CONSOLIDATED  
TRANSPORTATION SERVICE AGENCY**

FINANCIAL STATEMENTS  
WITH ACCOMPANYING INFORMATION  
FOR THE YEARS ENDED JUNE 30, 2020  
AND JUNE 30, 2019

**DRAFT**

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION  
YEARS ENDED JUNE 30, 2020 AND 2019**

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Schedule of Revenue Ratios for Transit Services	12

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**INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
Fresno Economic Opportunities Commission

**Report on the Financial Statements**

We have audited the accompanying financial statements of Fresno Economic Opportunities Commission's Rural Consolidated Transportation Service Agency, which comprise the statements of financial position as of June 30, 2020 and 2019, 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fresno Economic Opportunities Commission's Rural Consolidated Transportation Service Agency'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 Economic Opportunities Commission's Rural Consolidated Transportation Service Agency, as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only Rural Consolidated Transportation Service Agency's financial statements and do not present the financial position of Fresno Economic Opportunities Commission as of June 30, 2020 and 2019, the changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matter - Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Our audit was also made for the purpose of determining compliance with the applicable statutes, rules, and regulations of the Transportation Development Act, and the allocation instructions and resolutions of the Fresno Council of Governments for the years ended June 30, 2020 and 2019. The accompanying supplementary information on pages 10-12, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole, and the funds allocated to, and received by the Fresno Economic Opportunities Commission's Rural Consolidated Transportation Service Agency were expended in conformance with applicable statutes, rules and regulations of the Transportation Development Act and the allocation instructions and resolutions of the Fresno Council of Governments for the years ended June 30, 2020 and 2019.

KAKU & MERSINO, LLP

December 4, 2020

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS</b>		
Current Assets		
Accounts Receivable	\$ 552,305	\$ 631,577
	<hr/>	<hr/>
Total Current Assets	552,305	631,577
	<hr/>	<hr/>
Property and Equipment	868,442	868,442
Less Accumulated Depreciation	(784,650)	(692,660)
	<hr/>	<hr/>
Net Property and Equipment	83,792	175,782
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<u>\$ 636,097</u>	<u>\$ 807,359</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Interfund Payable	\$ 475,310	\$ 642,235
Refundable Advances	87,652	-
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	562,962	642,235
	<hr/>	<hr/>
Net Assets		
Net Assets without Donor Restrictions	73,135	165,124
	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>	73,135	165,124
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 636,097</u>	<u>\$ 807,359</u>

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

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2020 and 2019**

	Year Ended June 30, 2020	Year Ended June 30, 2019
<b>Changes in Net Assets without Donor Restrictions</b>		
Revenue and Support		
Special Transit Fares	\$ 1,198,342	\$ 1,529,627
School Bus Service Revenues	204,861	127,711
Auxiliary Transportation Revenues	288,051	163,981
Local Transportation Fund	463,300	525,274
Community Services Block Grant	-	446,871
Non-Transportation Revenue	-	-
<b>TOTAL REVENUES AND SUPPORT</b>	<u>2,154,554</u>	<u>2,793,464</u>
Program Expenses		
Labor	863,935	1,144,465
Fringe Benefits	356,282	449,396
Services	288,745	254,809
Materials & Supplies	261,954	396,365
Utilities	26,212	61,230
Casualty & Liability Costs	74,523	146,693
Purchased Transportation	173,052	173,002
Miscellaneous	10,474	16,106
Leases & Rentals	4,596	4,197
<b>TOTAL PROGRAM EXPENSES</b>	<u>2,059,773</u>	<u>2,646,263</u>
General and Administrative Expenses:		
Administrative Services	94,781	147,201
<b>TOTAL EXPENSES</b>	<u>2,154,554</u>	<u>2,793,464</u>
<b>EXCESS OF REVENUES AND SUPPORT OVER EXPENSES</b>	<u>-</u>	<u>-</u>
Other Revenues/(Expenses)		
Depreciation - Grant Funded Assets	(91,989)	(99,926)
Total Other Revenues/(Expenses)	<u>(91,989)</u>	<u>(99,926)</u>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	(91,989)	(99,926)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>165,124</u>	<u>265,050</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 73,135</u>	<u>\$ 165,124</u>

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

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 and 2019**

	Year Ended <u>June 30, 2020</u>	Year Ended <u>June 30, 2019</u>
Cash Flows From Operating Activities		
Reconciliation of Changes in Net Assets to Net Cash		
Increase/(Decrease) in Net Assets	\$ (91,989)	\$ (99,926)
Depreciation	91,989	99,926
Change in operating assets and liabilities		
(Increase)/Decrease in Accounts Receivable	79,272	(439,703)
Increase/(Decrease) in Interfund Payable	(166,924)	439,703
Increase/(Decrease) in Refundable Advance	87,652	-
	<hr/>	<hr/>
<b>Net Cash Provided (Used) By Operating Activities</b>	<hr/> -	<hr/> -
Cash Flows From Investing Activities		
	<hr/> -	<hr/> -
<b>Net Cash Provided (Used) By Investing Activities</b>	<hr/> -	<hr/> -
Cash Flows From Financing Activities		
	<hr/> -	<hr/> -
<b>Net Cash Provided (Used) By Financing Activities</b>	<hr/> -	<hr/> -
<b>Net Increase (Decrease) in Cash</b>	-	-
<b>Cash at Beginning of Year</b>	<hr/> -	<hr/> -
<b>Cash at End of Year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 1. NATURE OF ACTIVITIES**

Fresno Economic Opportunities Commission (the "Agency") is a California non-profit organization formed in August 1965. The Agency is a local community human services agency that provides assistance to economically and socially disadvantaged persons in the Fresno County region through various types of health and welfare services and programs. The majority of the Agency's funding is supported by grants from federal, state, and local governments, with additional sources of revenues from fees for services, in-kind and donor contributions.

The Agency formed the Consolidated Transportation Service Agency ("CTSA") for the purpose of serving the transportation needs of Metropolitan and Rural Fresno County. The Agency, as co-designate with the Fresno County Rural Transit Agency ("FCRTA"), is the lead social service agency in administering the CTSA operations for the Rural Fresno County Area.

The CTSA is a program component of the Agency and was established to operate and administer various federal and state grant programs related to transportation services. In addition to the program audit of the CTSA contained herein, the Agency is audited on an organizational wide basis annually. Accordingly, the accompanying financial statements contain only the financial information and disclosures pertaining to the CTSA program. The Urban CTSA program has been reported separately.

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**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Agency have been prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

The Agency reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Agency considers deposits in banks, certificates of deposit, and investments purchased with a maturity of three months or less to be cash equivalents. Certain funding agencies require cash to be held in separate bank accounts.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounts and Grants Receivable**

Accounts receivable are amounts due from various agencies and entities for services performed under fee for service contracts. Grants receivable are amounts due from federal, state, or local funding sources for services performed under cost reimbursement contracts. Management considers all amounts to be fully collectible, and therefore no allowance for doubtful accounts related to accounts or grants receivables have been recorded in the accompanying financial statements.

**Property and Equipment**

Contributed property and equipment are recorded at fair value on the date of donation. Contributions of property and equipment are recorded as unrestricted support, unless the donor stipulates how long the assets must be used.

Property and equipment purchased with Agency funds are capitalized at cost and depreciated over the useful estimated lives of the asset using the straight-line method. Amortization of building improvements is based on the estimated useful life of the improvements. Depreciation and amortization expense is charged against operations. Expenditures for property and equipment in excess of \$5,000 are capitalized.

Property and equipment purchased with grant funds are depreciated using the straight-line method over the estimated useful life of the assets. Depreciation of these assets is charged against grant funded assets in the Statement of Activities.

In the event of a contract termination, certain funding sources require title to property and equipment purchased with grant funds revert to the funding source. Certain funding sources also limit the use of property and equipment for specific programs and require approval for disposition of property and equipment.

**Restricted Assets**

The Agency as a Rural CTSA has been awarded capital grants to purchase vehicles and equipment under Federal Transportation Administration ("FTA") Section 5310. In accordance with the FTA's instructions, the local match required is deposited into a special bank account prior to any purchase. When all project equipment has been purchased, all remaining funds in the account, including interest earned, are returned to the grantee.

**Refundable Advances**

Transportation Development Act ("TDA") funds received but not expended in the program year are deferred and carried forward to the subsequent year. Interest earned on carryover funds is included as current year revenues on the Statement of Activities.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and Support**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Agency reports the support as net assets without donor restrictions.

**Income Tax Status**

The Agency is a non-profit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and the Franchise Tax Board under Section 23701(d) which exempts it from state income taxes. The Agency's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

**Use of Estimates**

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Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**Subsequent Events**

Management has evaluated subsequent events through December 4, 2020, the date the financial statements were available to be issued.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**Note 3. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>Useful Life</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Vehicles	5 Years	\$ 868,442	\$ 868,442
Total		<u>868,442</u>	<u>868,442</u>
Accumulated Depreciation		<u>(784,650)</u>	<u>(692,660)</u>
Net Property & Equipment		<u>\$ 83,792</u>	<u>\$ 175,782</u>

Depreciation for property and equipment acquired with grant funds for the years ended June 30, 2020 and 2019 amounts to \$91,989 and \$99,926, respectively.

**Note 4. CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash balances and grant receivables. The Agency maintains cash balances at several financial institutions located in Fresno, California and one in San Francisco, California. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Concentration of credit risk with respect to grant receivables are limited due to receivables being from government agencies.

**Note 5. PENSION PLAN**

The Agency contributes to a defined contribution pension plan which covers substantially all employees of the Agency. Generally, the Agency contributes an amount equal to five percent (5%) of the compensation earned by each eligible employee. Employer contributions are vested immediately. Annual contributions are disclosed in the Agency's organization-wide audit.

**Note 6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Agency's liquidity and availability of financial assets are reported on the Agency's annual audit. Rural CTSA's financial assets primarily consists of cash which is recorded at the Agency's level.

**ACCOMPANYING INFORMATION**

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**SCHEDULE OF LOCAL TRANSPORTATION FUNDS ALLOCATED AND DISBURSED  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Year Ended June 30, 2020</u>		
	<u>Operations</u>	<u>Capital</u>	<u>Total</u>
Amount approved and allocated by Fresno Council of Governments (4.5 LTF Funds)	\$550,952	\$ -	\$550,952
Carryover available	-	-	-
Transfer from Capital	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$550,952</u>	<u>\$ -</u>	<u>\$550,952</u>
Net reimbursable costs submitted by the Agency Rural CTSA	\$463,300	\$ -	\$463,300
Local match for capital projects	<u>-</u>	<u>-</u>	<u>-</u>
Net amount disbursed during the period	<u>463,300</u>	<u>-</u>	<u>463,300</u>
Amount due from contractor	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amount available for carryover	<u>\$ 87,652</u>	<u>\$ -</u>	<u>\$ 87,652</u>

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**SCHEDULE OF LOCAL TRANSPORTATION FUNDS ALLOCATED AND DISBURSED  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Year Ended June 30, 2019</u>		
	<u>Operations</u>	<u>Capital</u>	<u>Total</u>
Amount approved and allocated by Fresno Council of Governments (4.5 LTF Funds)	\$525,274	\$ -	\$525,274
Carryover available	-	-	-
Transfer from Capital	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$525,274</u>	<u>\$ -</u>	<u>\$525,274</u>
Net reimbursable costs submitted by the Agency Rural CTSA	\$525,274	\$ -	\$525,274
Local match for capital projects	<u>-</u>	<u>-</u>	<u>-</u>
Net amount disbursed during the period	<u>525,274</u>	<u>-</u>	<u>525,274</u>
Amount due from contractor	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amount available for carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY**

**SCHEDULE OF REVENUE RATIOS FOR TRANSIT SERVICES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>
Ratio of Fare Revenues to Operating Costs	68%	63%
Ratio of Local Support Revenues to Operating Costs Minus Exclusions	82%	69%

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## AUDIT COMMITTEE MEETING

<b>Date:</b> December 9, 2020	<b>Program:</b> Internal Audit
<b>Agenda Item #:</b> 6	<b>Director:</b> Susan Shiomi
<b>Subject:</b> Audit and Tax Service Provider	<b>Officer:</b> Jim Rodriguez

### Recommended Action

Staff recommends Committee approval for full Board consideration the engagement of Hudson Henderson & Company Inc. to perform audit and tax services for Fresno EOC and Fresno CDFI for a three-year period in the amount of \$97,970 per year.

### Background

Following the Nonprofit Integrity Act of 2004 – SB 1262, the Fresno EOC Board of Commissioners approved the establishment of the Audit Committee. In fulfilling its financial oversight responsibilities, the audit committee monitors the selection, independence, and performance of the independent auditors.

### Fiscal Impact

A request for proposal for an external audit firm to provide audit and tax services was released. A public notice was issued in The Business Journal and three CPA firms submitted proposals. The proposals were reviewed by a five-person review team. The proposals were evaluated for the following:

- the bidder's understanding of the work to be performed;
- the bidder's prior experience of Fresno EOC programs;
- the bidder's organization, size, and structure; and
- the bidder's qualifications and experience of staff.

Based on the analysis of each bid, the review team selected the engagement of The Pun Group. However, upon further review, The Pun Group was not designated by the State Controller's Office to perform audits of K-12 Local Education Agencies. The second ranked firm Hudson Henderson & Company Inc. was selected. The review team's justification was as follows:

- 1) The Hudson Henderson & Company Inc. is a local full-service accounting firm comprised of four (4) professionals with familiarity of Fresno EOC's Head Start program.
- 2) The Hudson Henderson & Company Inc. has received a peer review rating of pass in their most recent review.
- 3) There were no hidden costs with Hudson Henderson. Although another firm was the lowest bidder, the bid states in fine print that the firm will charge \$3,000 for each additional major program.
- 4) Fresno EOC requires the bidder to be listed on the Certified Public Accountants Directory Service (CPADS) for K-12 Local Education Agency audits, as provided by the California State Controller's Office. Hudson Henderson & Company is listed on CPADS. The lowest bidder was not listed on the CPADS list.

	Hudson Henderson	Moss Adams LLP	The Pun Group
Total Points by Ranking	11	12	7
Price	\$97,970	\$198,350+	\$70,705+

## Conclusion

If approved by the Committee, this item will move forward for full Board consideration at the December 16, 2020 Commission Meeting.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION**  
**EVALUATION OF BIDS IN RESPONSE TO AUDIT AND TAX SERVICES RFP**  
**Cumulative Scores**

		Points Possible	<b>Hudson Henderson</b>	<b>Moss Adams</b>	<b>Pun Group</b>
1	<u>Bidder's understanding of work to be performed:</u>	10	43	49	43
	a. Adequate coverage				
	b. Realistic time estimated of each audit step				
2	<u>Prior audit experience:</u>	30	108	132	120
	a. Auditing private 501c(3) non-profit agencies				
	b. Organization-wide A-133 single audits				
	c. Charter school audits				
	d. Transit audits				
	e. Community Development Financial Institution audits				
3	<u>Organization, size, structure:</u>	20	73	87	93
	a. Adequate organization/size of the firm				
	b. Small, women and/or minority business				
	c. Diversity of staff				
	d. Results of Peer Review				
4	<u>Qualifications of staff:</u>	15	60	74	61
	a. Audit team staffing				
	b. Overall supervision to be exercised				
	c. Prior experience of individual team members				
5	<u>Other services and/or products to be provided:</u>	5	22	20	23
6	<u>Price:</u>	20	91	45	85
	Total Possible Points and Score	100	397	407	425

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION  
EVALUATION OF BIDS IN RESPONSE TO AUDIT AND TAX SERVICES RFP  
Total Ranking of Bids**

	<b>FIRM NAME</b>		
	<b>Hudson Henderson Company, Inc.</b>	<b>Moss Adams LLP</b>	<b>The Pun Group</b>
Daniel Parra	<u>3</u>	<u>2</u>	<u>1</u>
Pastor Bruce McAlister	<u>3</u>	<u>1</u>	<u>2</u>
Jim Rodriguez	<u>1</u>	<u>3</u>	<u>2</u>
Arthur Montejano	<u>2</u>	<u>3</u>	<u>1</u>
Susan Shiomi	<u>2</u>	<u>3</u>	<u>1</u>
Total Points	<u><b>11</b></u>	<u><b>12</b></u>	<u><b>7</b></u>
Ranking	2	3	1
Bid Price	\$97,970	\$198,350+	\$70,705+