

**VISTA DEL MAR CHILD AND
FAMILY SERVICES**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

VISTA DEL MAR CHILD AND FAMILY SERVICES

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Vista Del Mar Child and Family Services

Report on the Financial Statements

We have audited the accompanying financial statements of Vista Del Mar Child and Family Services (Vista Del Mar), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Vista Del Mar as of June 30, 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.

To the Board of Directors
Vista Del Mar Child and Family Services

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2019 on our consideration of Vista Del Mar'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 Vista Del Mar's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

November 7, 2019
Los Angeles, California

VISTA DEL MAR CHILD AND FAMILY SERVICES

STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS	Without Donor Restrictions	With Donor Restrictions	Total
Cash and Cash Equivalents	\$ 2,215,775	\$ -	\$ 2,215,775
Restricted Cash	-	2,805,015	2,805,015
Investments (Note 3)	16,080,857	8,346,940	24,427,797
Accounts Receivable (Net)	6,157,661	-	6,157,661
Pledges Receivable (Net) (Note 4)	-	7,157,354	7,157,354
Prepaid Expenses and Other Assets	814,812	-	814,812
Beneficial Interest in Charitable Remainder Trusts (Notes 5 and 6)	-	5,148,047	5,148,047
Beneficial Interest in Perpetual Trust (Note 6)	-	933,818	933,818
Property and Equipment (Net) (Note 7)	12,089,317	-	12,089,317
TOTAL ASSETS	\$ 37,358,422	\$ 24,391,174	\$ 61,749,596
LIABILITIES AND NET ASSETS			
LIABILITIES:			
Accounts Payable	\$ 1,321,520	\$ -	\$ 1,321,520
Accrued Liabilities (Note 8)	6,392,075	-	6,392,075
Annuities Payable (Note 10)	563,022	-	563,022
TOTAL LIABILITIES	8,276,617	-	8,276,617
NET ASSETS:			
Without Donor Restrictions	29,081,805	-	29,081,805
With Donor Restrictions (Note 12)	-	24,391,174	24,391,174
TOTAL NET ASSETS	29,081,805	24,391,174	53,472,979
TOTAL LIABILITIES AND NET ASSETS	\$ 37,358,422	\$ 24,391,174	\$ 61,749,596

The Accompanying Notes are an Integral Part of These Financial Statements

VISTA DEL MAR CHILD AND FAMILY SERVICES

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PROGRAM SERVICE REVENUE:			
Governmental Revenue			
Residential	\$ 9,237,965	\$ -	\$ 9,237,965
Education	6,117,720	-	6,117,720
Outpatient	9,305,403	-	9,305,403
Community-Based Services	8,942,260	-	8,942,260
Client Service Fees	1,211,357	-	1,211,357
TOTAL PROGRAM SERVICE REVENUE	34,814,705	-	34,814,705
PUBLIC SUPPORT:			
Grants and Contributions (Net)	899,468	4,579,378	5,478,846
Legacies and Bequests	829,609	-	829,609
Special Events (Net of Direct Donor Benefit Expenses of \$430,848)	167,087	140,756	307,843
In-Kind Contributions	962,521	-	962,521
TOTAL PUBLIC SUPPORT	2,858,685	4,720,134	7,578,819
TOTAL PROGRAM SERVICE REVENUE AND PUBLIC SUPPORT	37,673,390	4,720,134	42,393,524
OPERATING EXPENSES:			
Program Services	40,840,918	-	40,840,918
Management and General	4,911,223	-	4,911,223
Development	1,280,833	-	1,280,833
TOTAL OPERATING EXPENSES	47,032,974	-	47,032,974
Net Assets Released from Purpose or Time Restrictions	3,481,807	(3,481,807)	-
CHANGE IN NET ASSETS BEFORE NON-OPERATING INCOME (LOSS)	(5,877,777)	1,238,327	(4,639,450)
Investment Return (Net)	830,364	71,085	901,449
Other Income	124,703	-	124,703
Change in Value of Beneficial Interest in:			
Charitable Remainder Trusts	-	(82,832)	(82,832)
Perpetual Trust	-	76,555	76,555
Change in Value of Annuities Payable	(144,265)	-	(144,265)
CHANGE IN NET ASSETS	(5,066,975)	1,303,135	(3,763,840)
Net Assets - Beginning of Year	34,148,780	23,088,039	57,236,819
NET ASSETS - END OF YEAR	\$ 29,081,805	\$ 24,391,174	\$ 53,472,979

The Accompanying Notes are an Integral Part of These Financial Statements

VISTA DEL MAR CHILD AND FAMILY SERVICES

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program Services						Supporting Services			Total Expenses
	Residential	Educational	Outpatient	Community-Based Services	Other Programs	Total	Management and General	Development	Total	
Salaries and Wages	\$ 5,881,821	\$ 5,201,827	\$ 6,126,668	\$ 4,700,400	\$ 774,261	\$ 22,684,977	\$ 2,254,022	\$ 655,909	\$ 2,909,931	\$ 25,594,908
Payroll Taxes and Employee Benefits	1,738,109	1,387,316	1,455,093	1,160,015	141,836	5,882,369	672,587	141,343	813,930	6,696,299
TOTAL PERSONNEL COSTS	7,619,930	6,589,143	7,581,761	5,860,415	916,097	28,567,346	\$2,926,609	\$797,252	3,723,861	32,291,207
Occupancy	825,344	838,517	540,888	1,196,584	113,346	3,514,679	65,752	40,105	105,857	3,620,536
Contract and Professional Services	296,667	141,650	299,516	311,532	329,551	1,378,916	888,567	221,132	1,109,699	2,488,615
Direct Services	268,225	39,322	52,793	1,523,417	76,114	1,959,871	-	-	-	1,959,871
Transportation Costs	37,743	1,226,504	64,919	106,250	1,828	1,437,244	4,829	171	5,000	1,442,244
Food and Provisions	667,931	421,091	-	5,296	-	1,094,318	-	-	-	1,094,318
In-Kind Expense	-	-	-	944,136	-	944,136	-	18,385	18,385	962,521
Depreciation	320,009	284,742	124,147	70,402	2,560	801,860	128,199	4,273	132,472	934,332
Supplies	108,671	65,151	75,575	186,200	18,695	454,292	140,530	42,910	183,440	637,732
Liability Insurance	10,807	25,671	7,469	11,836	2,898	58,681	531,666	-	531,666	590,347
Conferences and Meetings	53,056	31,939	30,187	137,072	39,869	292,123	46,841	23,573	70,414	362,537
Telephone and Postage	8,498	4,295	53,278	115,202	4,632	185,905	82,080	4,133	86,213	272,118
Miscellaneous	29,027	23,965	3,817	26,003	22,247	105,059	86,411	23,647	110,058	215,117
Publications, Printing and Artwork	350	1,592	3,097	27,031	14,418	46,488	9,739	105,252	114,991	161,479
TOTAL FUNCTIONAL EXPENSES	\$ 10,246,258	\$ 9,693,582	\$ 8,837,447	\$ 10,521,376	\$ 1,542,255	\$ 40,840,918	\$ 4,911,223	\$ 1,280,833	\$ 6,192,056	\$ 47,032,974
						87%	10%	3%		100%

The Accompanying Notes are an Integral Part of These Financial Statements

VISTA DEL MAR CHILD AND FAMILY SERVICES

STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (3,763,840)
Adjustments to Reconcile Change in Net Assets to Net Cash Used In Operating Activities:	
Adjustment to Los Angeles Department of Mental Health Reserve	222,628
Adjustment to Workers Compensation Self Insurance Reserve	331,123
Depreciation	934,332
Bad Debt Expense	12,307
Gain on Sale of Property	47,491
Realized and Unrealized Gains on Investments	24,386
Change in Value of Beneficial Interests in Charitable Remainder Trusts	82,832
Change in Value of Beneficial Interest in Perpetual Trust	(76,555)
Change in Value of Annuities Payable	144,265
Decrease in Present Value Discount of Pledges Receivable	(132,599)
Contribution Restricted for Investment in Property and Equipment	(1,404,253)
(Increase) Decrease in:	
Accounts Receivable	(78,176)
Pledges Receivable	1,059,925
Prepaid Expenses and Other Assets	29,332
Beneficial Interest in Charitable Remainder Trusts	32,816
Beneficial Interest in Perpetual Trust	50,000
Increase in:	
Accounts Payable	(79,367)
Accrued Liabilities	(734,546)

NET CASH USED IN OPERATING ACTIVITIES (3,297,899)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Property and Equipment	(1,963,853)
Purchase of Investments	(1,180,732)
Proceeds from Sale of Investments	8,754,112
Reinvested Interest and Dividends	(745,313)

NET CASH PROVIDED BY INVESTING ACTIVITIES 4,864,214

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments to Annuitants	(175,197)
Proceeds From Contribution Restricted for Investment in Property and Equipment	1,404,253

NET CASH PROVIDED BY FINANCING ACTIVITIES 1,229,056

NET INCREASE IN CASH AND CASH EQUIVALENTS 2,795,371

Cash and Cash Equivalents - Beginning of Year 2,225,419

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 5,020,790

CASH AND CASH EQUIVALENTS INCLUDES:

Cash and Cash Equivalents	\$ 2,215,775
Restricted Cash	2,805,015

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 5,020,790

The Accompanying Notes are an Integral Part of These Financial Statements

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 1 - ORGANIZATION

Founded in 1908, Vista Del Mar Child and Family Services (Vista Del Mar) originally served as an orphanage for children whose parents could not care for them due to illness, poverty or death. As societal needs have evolved, Vista Del Mar continues to keep pace by fulfilling the changing needs of the community. More than a century later, Vista Del Mar provides a breadth of programs and services, including an array of offerings for children with autism, developmental disorders and troubled family situations. Enhanced over the years by strategic mergers with such organizations as Family Service of Santa Monica, the Reiss-Davis Child Study Center, Julia Ann Singer Center, and Home-SAFE, and the establishment of a pre-K through 12th grade Non-Public School, Vista Del Mar each year serves more than 5,000 children and families in a unique environment of clinical excellence and caring professionalism. More information on Vista Del Mar can be found at its website at www.vistadelmar.org.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) NET ASSETS

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

- **Net Assets Without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions.
- **Net Assets With Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(c) CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Vista Del Mar has defined cash and cash equivalents as cash in banks and certificates of deposits with an original maturity of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2019 approximates its fair value. Vista Del Mar has an agreement with a donor that requires cash to be held in a separate bank account, which is restricted as to use per the terms of the agreement. Restricted cash at June 30, 2019 was \$2,805,015.

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Interest and dividend income and gains and losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law.

(e) ACCOUNTS RECEIVABLE

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2019, the majority of receivables are due from governmental agencies, and Vista Del Mar has established an allowance for doubtful accounts in the amount of \$19,965 based on an evaluation of collectability.

Vista Del Mar performs services under a significant number of contracts that are administered by the Los Angeles County Department of Mental Health (LADMH) involving local, state and federal government funds. Contract service payments are generally provided monthly, but are subject to approval by the various funding agencies. Final settlements with the various funding agencies can take from five to ten years, with initial findings in many cases not available for three or four years after funding. As a result, Vista Del Mar establishes reserves for claims made, for disputed claims and for unexamined years. At June 30, 2019, the LADMH reserve of \$1,360,454 is included in accounts receivable.

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues when the pledge is received. Vista Del Mar reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. A discount rate (ranging from 3.0% to 7.5%) has been used to calculate the present value of pledges receivable. The present value discount amounted to \$328,508 at June 30, 2019. At June 30, 2019, Vista Del Mar evaluated the collectability of contributions and pledges receivable and an allowance for doubtful pledges of \$86,360 was established. Conditional promises to give are not included as support until such time as the conditions are substantially met.

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) CONCENTRATIONS

Vista Del Mar places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Vista Del Mar has not incurred losses related to these investments and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The accounts receivable balance outstanding at June 30, 2019 consists primarily of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of Vista Del Mar's receivables consist of earned fees from contract programs granted by governmental agencies.

Approximately 79% of Vista Del Mar's program service revenue and public support is provided by various government agencies. Vista Del Mar anticipates that it will continue to run these programs although there can be no assurance that Vista Del Mar will be able to obtain future grant agreements upon the expiration of the current term of the contracts.

(h) LEGACIES AND BEQUESTS

Vista Del Mar has been designated as the beneficiary in numerous wills. Bequests are not recognized as support until all of the following conditions are met: the demise of a testator, the amount of the bequest is known, and Vista Del Mar is certain that, based on the estates' net assets, the amount bequeathed is realizable.

(i) BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

Vista Del Mar is the trustee of two irrevocable charitable remainder trusts. Vista Del Mar discharges its fiduciary duties pursuant to the trust agreements under the direction of the Board of Directors and management. All of the trusts' assets are designated to Vista Del Mar. All revenue earned on the trusts, net of expenses, is either distributed to the respective trustees or added to the corpus, as specified in the trust agreements. Such agreements generally provide that, upon the death of the donor and/or the donor's successor, no financial benefit may be realized from the trusts until the death of the last surviving trustee of each trust.

Additionally, Vista Del Mar holds remainder interests in various other irrevocable charitable remainder trusts. Vista Del Mar recognizes contribution revenue with donor restrictions and, as an asset, the present value of the estimated future benefits to be received when the trust assets are distributed. Adjustments to the asset to reflect the revaluation of the present value of the estimated future payments to the lifetime beneficiaries are recognized in the statement of activities as a change in value of beneficial interest in charitable remainder trusts.

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) BENEFICIAL INTEREST IN PERPETUAL TRUST

A donor has established and funded a trust, which is administered by trustees other than Vista Del Mar. Under the terms of the trust, Vista Del Mar has the irrevocable right to receive all of the income earned on the trust assets either in perpetuity or for the life of the trust. Vista Del Mar does not control the assets held by the outside trust. Annual distributions from the trust are reported as investment income. Adjustments to the beneficial interest to reflect changes in the fair value are reflected in the statement of activities as a change in value of beneficial interest in perpetual trust. The carrying value of Vista Del Mar's beneficial interest in the perpetual trust at June 30, 2019 is \$933,818.

(k) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year.

The estimated useful lives are as follows:

Building and Improvements	10 - 30 Years
Land Improvements	30 Years
Electronic Clinical Records System	10 Years
Leasehold Improvements	10 - 30 Years
Furniture and Equipment	3 - 30 Years
Vehicles	5 Years

Property and equipment funded by government contracts where title to the assets is retained by the government agencies are not capitalized.

Expenditures for repairs and maintenance are charged to expense as incurred while renewals and betterments are capitalized.

(l) LONG-LIVED ASSETS

Vista Del Mar reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2019.

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) ANNUITIES PAYABLE

Assets contributed by donors under gift annuity agreements and controlled by Vista Del Mar are recognized at fair value with a corresponding liability to beneficiaries of the annuity agreements. The excess of the cash received over the present value of the annuity obligation is recorded as contribution revenue on the date the annuity gift is received and the liability is determined. Such liability is calculated as the present value of the estimated future cash flows to be distributed to the income beneficiaries over their expected lives. Amortization of the discount and changes in actuarial assumptions are included in the change in value of annuities in the statement of activities.

(n) CONTRIBUTED GOODS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, were provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind goods and services of \$962,521 were received during the year ended June 30, 2019 which satisfied the criteria for recognition.

A substantial number of volunteers have donated significant amounts of their time to Vista Del Mar. Some of the services that these individuals rendered, however, do not meet the above criteria and, as such, are not recognized as revenue.

(o) INCOME TAXES

Vista Del Mar is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

(p) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing Vista Del Mar's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. Vista Del Mar uses full-time equivalents to allocate indirect costs.

(q) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Accordingly, actual results could differ from those estimates.

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) NEW ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which is intended to reduce complexity in financial reporting. The ASU focuses on improving the current net asset classification requirements and information presented in financial statements that is useful in assessing a nonprofit's liquidity, financial performance, and cash flows. Vista Del Mar implemented this ASU during the year ended June 30, 2019.

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of U.S. GAAP and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASU's between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on principal versus agent considerations, licensing implementation guidance, scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For Vista Del Mar, the ASU and subsequent amendments will be effective for the year ending June 30, 2020.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and providing additional information about the amounts recorded in the financial statements. For Vista Del Mar, the ASU will be effective for the year ending June 30, 2022.

In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*, which is intended to address diversity in practice due to a lack of guidance on how to classify and present changes in restricted cash or restricted cash equivalents in the statement of cash flows. As permitted by the ASU, Vista Del Mar adopted this guidance during the year ended June 30, 2019.

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. For Vista Del Mar, the ASU will be effective for the year ending June 30, 2020.

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) SUBSEQUENT EVENTS

Vista Del Mar has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2019 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 7, 2019, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred, except as described in Note 9(b).

NOTE 3 - INVESTMENTS

Investments at June 30, 2019 consist of the following:

Equity Mutual Funds	\$ 13,443,303
Fixed Income Mutual Funds	8,962,202
Equities	409,374
Fixed Income	320,400
Money Market Funds	38,497
Certificates of Deposit	<u>1,254,021</u>
TOTAL INVESTMENTS	<u>\$ 24,427,797</u>

The terms of a letter of credit with a bank [See Note 11(c)] require a reserve to be maintained in a separate bank account. The reserve at June 30, 2019 amounted to \$1,254,021 and is held in certificates of deposit.

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2019 are due to be received as follows:

Due within One Year	\$ 1,362,222
Due in One to Five Years	<u>6,210,000</u>
GROSS PLEDGES RECEIVABLE	7,572,222
Less: Present Value Discount	(328,508)
Less: Allowance for Doubtful Pledges	<u>(86,360)</u>
PLEDGES RECEIVABLE (NET)	<u>\$ 7,157,354</u>

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 5 - BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

Vista Del Mar holds remainder interests in twenty-five irrevocable charitable remainder trusts. Vista Del Mar is the beneficiary in varying amounts of the distributions of the trusts. Assets held in charitable remainder trusts totaled \$5,148,047 at June 30, 2019, representing the portion of the net present value of the charitable remainder trusts for which Vista Del Mar is the designated beneficiary.

Vista Del Mar has been named as a beneficiary for several living trusts and wills. Due to the conditional nature of these trusts and wills, no amounts have been recorded on the accompanying financial statements.

NOTE 6 - FAIR VALUE MEASUREMENTS

Vista Del Mar has implemented the fair value accounting standard for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. The standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

The following table presents information about Vista Del Mar's assets and liabilities that are measured at fair value on a recurring basis at June 30, 2019 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity Mutual Funds	\$ 13,443,303	\$ 13,443,303	\$ -	\$ -
Fixed Income Mutual Funds	8,962,202	8,962,202	-	-
Equities	409,374	409,374	-	-
Fixed Income	320,400	320,400	-	-
Money Market Funds	38,497	38,497	-	-
Certificates of Deposit	1,254,021	-	1,254,021	-
Beneficial Interest in:				
Charitable Remainder Trusts	5,148,047	-	-	5,148,047
Perpetual Trust	933,818	-	-	933,818
TOTAL ASSETS	\$ 30,509,662	\$ 23,173,776	\$ 1,254,021	\$ 6,081,865
Annuitants Payable	\$ 563,022	-	-	\$ 563,022
TOTAL LIABILITIES	\$ 563,022	\$ -	\$ -	\$ 563,022

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 6 - FAIR VALUE MEASUREMENTS (continued)

The fair values of investments within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The fair value of the certificates of deposit within Level 2 inputs were determined by discounting the related cash flows based on current yields of similar instruments with comparable durations and considering the credit-worthiness of the issuer.

The fair values of beneficial interests within Level 3 inputs were determined as described in Notes 2(i) and 2(j).

The fair value of annuities payable within Level 3 inputs was determined as described in Note 2(m).

Transfers between Level 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Level 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels for the year ended June 30, 2019.

Changes in Level 3 measurements for the year ended June 30, 2019 are as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	Beneficial Interest in Charitable Remainder Trusts	Beneficial Interest in Perpetual Trust	Annuities Payable
Beginning Balance	\$ 5,263,695	\$ 907,263	\$ 593,954
Contributions	-	-	-
Payments/Distributions	(32,816)	(50,000)	(175,197)
Change in Value	(82,832)	76,555	144,265
<i>ENDING BALANCE</i>	\$ 5,148,047	\$ 933,818	\$ 563,022

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 consist of the following:

Building and Improvements	\$ 14,430,593
Land and Improvements	1,856,573
Electronic Clinical Records System	1,090,277
Leasehold Improvements	593,235
Furniture and Equipment	1,619,132
Vehicles	236,532
Construction in Progress	1,899,860
<i>TOTAL</i>	21,726,202
Less: Accumulated Depreciation	(9,636,885)
<i>PROPERTY AND EQUIPMENT (NET)</i>	\$ 12,089,317

Depreciation expense for the year ended June 30, 2019 was \$934,332. Estimated costs to complete the construction in progress are approximately \$6,300,000.

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 8 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2019 consist of the following:

Department of Mental Health Overpayments	\$	2,134,480
Accrued Vacation		1,324,238
Workers' Compensation Self Insurance Reserve [See Note 11(c)]		1,087,792
Department of Child and Family Services Overpayments		1,136,195
Accrued Payroll		578,142
Payable to California Department of Education		73,437
Payroll Taxes Payable		44,096
Other Accrued Liabilities		13,695
TOTAL ACCRUED LIABILITIES	\$	6,392,075

NOTE 9 - RETIREMENT PLANS

(a) TAX-DEFERRED ANNUITY PLAN

Vista Del Mar sponsors a tax-deferred annuity plan under Internal Revenue Code Section 403(b). This plan was established as a companion to the Employee Benefit Plan of Reiss-Davis. The tax-deferred annuity plan is no longer open to new participants. Vista Del Mar does not contribute to this plan.

(b) 403(b) RETIREMENT PLAN

Vista Del Mar has an Internal Revenue Code Section 403(b) plan which covers all eligible employees. Vista Del Mar makes non-elective contributions of 5% of each employee's salary to this plan annually. Contributions to this plan totaled \$1,101,455 for the year ended June 30, 2019. On October 1, 2019, the non-elective contributions percentage was changed to 3%.

NOTE 10 - ANNUITIES PAYABLE

Vista Del Mar is in receipt of several charitable gifts from individuals. These gifts stipulate that annuity payments per year must be made to the donor until the time of death. The gifts are invested in money market funds and fixed income securities. All gift annuities are actuarially calculated based on the life expectancy of the donor using the State of California Insurance Commission Committee on Gift Annuities actuarial tables. The value of annuities at the time of the gifts totaled \$2,485,000. The corresponding reasonably commensurate value at June 30, 2019 is \$563,022.

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11 - COMMITMENTS AND CONTINGENCIES

(a) OBLIGATIONS UNDER OPERATING LEASES

Vista Del Mar leases facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

Year Ended June 30

2020	\$	254,397
2021		113,801
2022		68,400
2023		<u>17,100</u>
TOTAL	\$	<u>453,698</u>

Rent expense under operating leases for the year ended June 30, 2019 was \$381,595.

(b) CONTRACTS

Vista Del Mar's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated. Vista Del Mar has made a provision for the possible disallowance of program costs on its financial statements by reserving on its contracts with LADMH [See Note 2(e)].

(c) WORKERS' COMPENSATION

Vista Del Mar has elected to retain a portion of the risks relating to its workers' compensation insurance program. The exposure for unpaid claims and associated expenses, including incurred but not reported losses, is estimated based on prior claims history and analysis of current outstanding claims, as well as the type of services provided (residential care facilities are a high-risk sector). The accrued liability for workers' compensation self-insurance costs at June 30, 2019 of \$1,087,792 is included in accrued liabilities. Workers' compensation self-insurance expense for the year ended June 30, 2019 was \$806,516 which includes the annual insurance premium. In addition to the accrued liability, Vista Del Mar has a standby letter of credit with a bank in the amount of \$1,254,021 (see Note 3).

	Gross Claims Liability	Estimated Insurance Recoveries	Net Claims Liability
Balance at July 1, 2018	\$ 796,833	\$ -	\$ 796,866
Self-Insurance Expenses Incurred	806,516	-	806,516
Self Insurance Reserve Increase	331,123	-	331,123
Payments Made to Fund Related Liabilities	<u>(846,680)</u>	-	<u>(846,680)</u>
BALANCE AT JUNE 30, 2019	<u>\$ 1,087,792</u>	\$ -	<u>\$ 1,087,792</u>

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 11 - COMMITMENTS AND CONTINGENCIES (continued)

(d) LEGAL PROCEEDINGS

In the ordinary course of conducting its business, Vista Del Mar becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against Vista Del Mar which, from time to time, may have an impact on changes in net assets. Vista Del Mar believes that these proceedings, individually or in the aggregate, would not have a material effect on the accompanying financial statements.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 consist of the following:

Subject to the Passage of Time:	
Beneficial Interest in Charitable Remainder Trusts	\$ 5,148,047
Subject to Expenditure for Specified Purpose:	
Facilities	6,976,695
Program Services	4,215,187
Subject to Appropriation	
Unspent Endowment Earnings	1,298,994
Not Subject to Appropriation or Expenditure:	
Donor Restricted Endowment Funds	5,818,433
Beneficial Interest in Perpetual Trust	933,818
	<hr/>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 24,391,174

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2019:

Expiration of Time Restrictions:	
Beneficial Interest in Charitable Remainder Trust	\$ 32,816
Beneficial Interest in Perpetual Trust	50,000
Satisfaction of Purpose Restrictions:	
Facilities	1,506,249
Program Services	1,649,480
Appropriation in Accordance with Endowment Spending Policy	185,055
Donor Releases from Endowments	58,207
	<hr/>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 3,481,807

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 13 - ENDOWMENTS

Vista Del Mar's endowments consist of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts and bequests to either provide a permanent endowment, which is to provide a permanent source of income to Vista Del Mar, or a term endowment, which is to provide income for a specified period to Vista Del Mar. Beneficial interests in charitable remainder trusts and perpetual trusts are not considered part of Vista Del Mar's endowments.

Vista Del Mar's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanently restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for Vista Del Mar's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. Vista Del Mar's Board of Directors has approved a spending policy that will distribute a specific payout rate (5%) of the endowment base (calculated as the three-year average market value of endowment funds) to support Vista Del Mar's programs. Such a policy will allow for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy will minimize the probability of invading the principal over the long term.

Endowment Net Asset Composition At June 30, 2019	<u>With Donor Restrictions</u>
Donor-Restricted:	
Original Donor-Restricted	
Perpetual Gifts	\$ 5,818,433
Accumulated Investment Gains	<u>1,298,994</u>
<i>ENDOWMENT NET ASSETS - JUNE 30, 2019</i>	<i>\$ 7,117,427</i>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). At June 30, 2019, Vista Del Mar had no underwater endowments.

For the year ended June 30, 2019, Vista Del Mar endowment net assets changed as follows:

	<u>With Donor Restrictions</u>
Endowment Net Assets - Beginning of Year	\$ 7,289,604
Donor-Approved Releases	(58,207)
Investment Return (Net)	71,085
Appropriations for Expenditure	<u>(185,055)</u>
<i>ENDOWMENT NET ASSETS - END OF YEAR</i>	<i>\$ 7,117,427</i>

Investment return related to Vista Del Mar's donor-restricted endowments is recorded as revenue with donor restrictions unless otherwise directed by the donor's gift instrument.

VISTA DEL MAR CHILD AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by Vista Del Mar at June 30, 2019 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2019	
Cash and Cash Equivalents	\$ 2,215,775
Investments	24,427,797
Accounts Receivable (Net)	3,905,331
Pledges Receivable (Net)	<u>7,157,354</u>
TOTAL FINANCIAL ASSETS	
AT JUNE 30, 2019	37,706,257
Less Amounts Not Available to Be Used within One Year, Due to:	
Donor-Imposed Restrictions:	
Endowment Funds	(7,117,427)
Funds Held with Purpose Restrictions	(1,229,513)
Pledges Restricted by Purpose or Time	<u>(7,157,354)</u>
FINANCIAL ASSETS AVAILABLE TO	
MEET GENERAL EXPENDITURES	
WITHIN ONE YEAR	<u>\$ 22,201,963</u>

Vista Del Mar regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Vista Del Mar is substantially supported by contributions with donor restrictions and government grants and contracts. As part of Vista Del Mar's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Vista Del Mar has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period.

Vista Del Mar's investments are held for operations and endowments. The entire investment portfolio consists of highly liquid investments.

**VISTA DEL MAR CHILD AND
FAMILY SERVICES**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2019

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors
Vista Del Mar Child and Family Services

We have audited the financial statements of Vista Del Mar Child and Family Services as of and for the year ended June 30, 2019 and our report thereon dated November 7, 2019, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and Non-Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the accompanying Department of Social Services Forms SR3-STRTP, SR4-STRTP, FCR 12FFA, SR3-CTF Residential, SR4-CTF Residential, FCR 12ITFC, and Reiss Davis Graduate School Statement of Activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Green Hasson & Janks LLP

November 7, 2019
Los Angeles, California

VISTA DEL MAR CHILD AND FAMILY SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor/Passed Through Grantor/Program or Cluster Title	Federal CFDA Number	Governmental Revenue		Program Expenditures from Governmental Revenue
		Federal	Non-Federal	
FEDERAL AWARDS				
MAJOR AWARDS				
U.S. Department of Health and Human Services:				
Pass through, California Department of Education:				
Child Care and Development Fund Cluster:				
Child Care and Development	93.575	\$ 99,020	\$ 736,013	\$ 835,033
Child Care Mandatory Matching Funds	93.596	215,405	-	215,405
		<u>314,425</u>	<u>736,013</u>	<u>1,050,438</u>
U.S. Department of Health and Human Services:				
Pass through, California Department of Social Services:				
Group Home	93.658	3,121,565	183,077	3,304,642
Community Treatment Services	93.658	3,640,813	186,787	3,827,600
Foster Family Agency	93.658	17,098	552,829	569,927
Wraparound Approach Services	93.658	71,315	2,224,089	2,295,404
		<u>6,850,791</u>	<u>3,146,782</u>	<u>9,997,573</u>
		<u>7,165,216</u>	<u>3,882,795</u>	<u>11,048,011</u>
TOTAL MAJOR AWARDS				
NON-MAJOR AWARDS				
U.S. Department of Health and Human Services:				
Administration for Children and Families:				
Head Start	93.600	2,301,878	-	2,301,878
Early Head Start - Child Care Partnership	93.600	2,339,488	-	2,339,488
		<u>4,641,366</u>	<u>-</u>	<u>4,641,366</u>
U.S. Department of Health and Human Services:				
Pass through California State Department of Social Services:				
Pass through, County of Los Angeles Department of Children and Family Services: PAARP				
	93.659	138,500	138,500	277,000
U.S. Department of Health and Human Services:				
Pass through, County of Los Angeles Department of Mental Health:				
Block Grants for Community Mental Health Services	93.958	45,714	10,928,724	10,974,438
U.S. Department of Education:				
Pass through, California Department of Education:				
Special Education Grants to States - Workability Program				
	84.013	-	75,740	75,740
		<u>4,825,580</u>	<u>11,142,964</u>	<u>15,968,544</u>
TOTAL NON-MAJOR AWARDS				
STATE AND LOCAL AWARDS				
Unified School Districts, Various Counties, Tuition		-	6,050,414	6,050,414
California State Department of Social Services:				
Pass through, County of Los Angeles Department of Children and Family Services:				
Child Abuse and Neglect Prevention and Intervention Program		-	52,661	52,661
City of Santa Monica Community Development Program		-	465,188	465,188
		<u>-</u>	<u>6,568,263</u>	<u>6,568,263</u>
TOTAL STATE AND LOCAL AWARDS				
TOTAL FEDERAL AND NON-FEDERAL AWARDS				
		<u>\$ 11,990,796</u>	<u>\$ 21,594,022</u>	<u>\$ 33,584,818</u>

See Independent Auditor's Report on Supplementary Information

VISTA DEL MAR CHILD AND FAMILY SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
Year Ended June 30, 2019

Summary of Significant Accounting Policies:

1. The accompanying Schedule of Expenditures of Federal and Non-Federal Awards (Schedule) includes the Federal award activity of Vista Del Mar under programs of the Federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Vista Del Mar, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Vista Del Mar.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
3. Vista Del Mar has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
4. Vista Del Mar received funding from the County of Los Angeles Department of Mental Health that includes federal funds, such as Short-Doyle Medi-Cal. However, only the SAMHSA portion of the federal funds are considered to be federal awards under the Uniform Guidance. Therefore, only such funding is reflected as federal in the above Schedule.
5. Of the Federal expenditures presented in the Schedule, Vista Del Mar provided no Federal awards to subrecipients.

GROUP HOME PROGRAM COST REPORT (SR 3)

This form is to collect cost information for the group home program. Report actual allowable and reasonable costs. If the corporation operates more than one group home program and/or the program provides other activities, (example: day care, on-site education, adult services, foster family agency, etc..) cost **must be allocated** to the appropriate activity and only the allowable group home program costs for the program are to be reported. Describe the methodology used to allocate costs if other than the standard allocation methodology indicated in current regulations (MPP 11-402.8 et seq.). NOTE: A separate cost report form must be completed for each group home program operated by the corporation.

Number of months in cost reporting period 12

CORPORATE NAME:		PROGRAM NAME (IF DIFFERENT)	CORPORATE NUMBER	PROGRAM NUMBER	PROGRAM FISCAL YEAR	
Vista Del Mar Child & Family Services			TAX ID 95-1647832	0194.08.01	7/1/2018 - 6/30/2019	
COST GROUPS	A	B	C	D	E	F
	TOTAL PROGRAM COST	OFFSETS	REASONABLENESS ADJUSTMENTS	FINAL COSTS (COL. A MINUS COLS. B & C)	PERCENTAGE OF TOTAL COSTS	CDSS USE ONLY
1	Child Care & Supervision (From SR4 Report)	2,623,728		2,623,728	56.93%	
2	Social Work Activity (From SR4 Report)	162,051		162,051	3.52%	
3	Food	307,295		307,295	6.67%	
4a	Shelter Costs - Building Rent & Leases	-		-	0.00%	
4b	Shelter Costs - Approved by Attorney General Self-Dealing Transactions Affiliated Leases	-		-	0.00%	
4c	Shelter Costs - Acquisition Mortgage: Principal & Interest	607		607	0.01%	
5	Building & Equipment	507,882		507,882	11.02%	
6	Utilities	62,581		62,581	1.36%	
7	Vehicles & Travel	16,432		16,432	0.36%	
8	Child-Related	69,529	18,973	50,557	1.10%	
9a	Executive Director Salary	46,219		46,219	1.00%	
9b	Assistant Director Salary	-		-	0.00%	
9c	Administrator Salary	55,971		55,971	1.21%	
9d	All Other Admin. Salaries	478,202		478,202	10.37%	
9e	Financial Audit Costs	11,447		11,447	0.25%	
9f	Administration (Minus Admin. Salaries and Financial Audit Costs)	286,448		286,448	6.21%	
	TOTAL	4,628,392	18,973	-	4,609,420	100.00%
CDSS USE ONLY						

SR 3 (12/02)

See Independent Auditor's Report on Supplementary Information

**GROUP HOME PROGRAM
PAYROLL & FRINGE BENEFIT REPORT (SR4)**

Number of months in cost reporting period 12

CORPORATE/LICENSEE NAME:	CORPORATE NUMBER:	PROGRAM NUMBER	PROGRAM FISCAL YR
Vista Del Mar Child & Family Services	TAX ID 95-1647832	0194.08.01	7/1/2018 - 6/30/2019
	(1) Child Care & Supervision	(2) Social Work Activities	(3) DSS USE ONLY
I. PAYROLL (DO NOT INCLUDE BENEFITS)	2,001,837	123,641	
II. FRINGE BENEFIT EXPENSE			
1. FICA Employer Tax (include MEDICARE)	147,988	9,140	
2. Unemployment Coverage (State & Federal)	11,530	712	
3. Workers' Compensation Insurance	154,959	9,571	
4. Medical Insurance Expense	217,803	13,452	
5. Retirement	76,583	4,730	
6. Other (Specify on back of form)	13,028	805	
TOTAL FRINGE BENEFITS (Add Lines 1 through 6)	621,891	38,410	
III. TOTAL PAYROLL & FRINGE BENEFITS	2,623,728	162,051	
IV. CONTRACTOR COSTS	-	-	
V. TOTAL (Add Line III and Line IV), Transfer to Column A, Lines 1 and 2, Cost Report (SR 3)	2,623,728	162,051	

CDSS USE ONLY

TOTAL PROGRAM COST DISPLAY (FCR 12 FFA)

SUBMIT ONE FOR EACH PROGRAM

Number of months in cost reporting period TWELVE

CORPORATE/LICENSEE NAME		PROGRAM NAME (IF DIFFERENT)		CORPORATE NUMBER		PROGRAM NUMBER		REPORTING PERIOD	
Vista Del Mar Child & Family Services		FFA		TAX ID 95-1647832		0194.01.02		7/1/18 - 6/30/19	
LINE	(1) LINE ITEMS OF COST	(2) TOTAL (COLS. 3 THRU 6)	(3) ADMINISTRATION	(4) RECRUITMENT	(5) TRAINING	(6) SOCIAL WORK	(7) EXPLANATION		
100a	Executive Director Salary	3,276	3,276				Portion of Agency's ED allocated to FFA program.		
100b	Assistant Director Salary	5,087	5,087				Portion of Agency's AD allocated to FFA program.		
100c	Administrator Salary	26,193	26,193				Portion of Program Director's time allocated to FFA.		
100d	All Other Administrative Salaries	52,221	52,221				Administrative salaries charged to FFA program.		
101	Recruitment Payroll	36,365		36,365			Recruitment salaries for FFA program.		
102	Training Payroll	72,730			72,730		Training salaries for FFA program.		
110	Administrative Contracts	7,596	5,580	387	774	855	Allocated based on % of salaries in each category.		
121	Telephone and Telegraph	1,200	839	69	139	153	Allocated based on % of salaries in each category.		
122	Postage and Freight	424	191	45	89	99	Allocated based on % of salaries in each category.		
123	Office Supplies	3,450	1,729	330	661	730	Allocated based on % of salaries in each category.		
132	Conferences, Meetings, In-Service Training	12,745	4,382	1,605	3,211	3,547	Allocated based on % of salaries in each category.		
133	Memberships, Subscriptions, Dues	713	336	72	145	160	Allocated based on % of salaries in each category.		
134	Printing, Publications	749	285	89	178	197	Allocated based on % of salaries in each category.		
135	Bonding, General Insurance	5,782	1,893	747	1,493	1,650			
137	Advertising	2,960	969	382	764	844	Allocated based on % of salaries in each category.		
138	Miscellaneous	4,679	2,906	340	681	752	Allocated based on % of salaries in each category.		
200	Building and Equipment Payroll	5,428	5,428	-	-	-	Portion of Agency's Building & Equipment PR allocated to FFA program		
211	Building Rents and Leases	-	-	-	-	-			
214	Acquisition Mortgage Principal & Interest	-	-	-	-	-			
215	Property Appraisal Fees	-	-	-	-	-			
216	Property Taxes	214	89	24	48	53	Allocated based on % of salaries in each category.		
217	Building and Equipment Insurance	566	221	66	132	146	All is Administrative.		
221	Utilities	8,015	2,783	1,004	2,008	2,219	Allocated based on % of salaries in each category.		
222	Building Maintenance	11,683	8,147	679	1,358	1,500	Allocated based on % of salaries in each category.		
223	Building and Equipment Contracts	-	-	-	-	-			
224	Building and Equipment Supplies	612	612	-	-	-	All is Administrative.		
225	Equipment Leases	-	-	-	-	-			
226	Equipment Depreciation Expense	1,146	1,146	-	-	-	All is Administrative.		
227	Expendable Equipment	-	-	-	-	-			
228	Building and Equipment Miscellaneous	-	-	-	-	-			
241	Vehicle Leases	-	-	-	-	-			
242	Vehicle Depreciation	-	-	-	-	-			
243	Vehicle Operating Costs	8,975	3,127	1,122	2,245	2,480	Allocated based on % of salaries in each category.		
350	Total Paid to Certified Family Homes	179,341	-	-	-	179,341	100% social work.		
352	Other Child-Related Costs, Not Provided by Certified Family Homes	-	-	-	-	-			
410	Social Worker Payroll and/or Social Worker Contract	72,730	-	-	-	72,730	Social Work salaries for FFA program.		
440	Direct Care Contracts	7,632	-	-	-	7,632	Allocations for contractors by administrator.		
500	TOTAL EXPENSES	532,512	127,441	43,327	86,655	275,089			

See Independent Auditor's Report on Supplementary Information

GROUP HOME PROGRAM COST REPORT (SR 3)

This form is to collect cost information for the group home program. Report actual allowable and reasonable costs. If the corporation operates more than one group home program and/or the program provides other activities, (example: day care, on-site education, adult services, foster family agency, etc..) cost **must be allocated** to the appropriate activity and only the allowable group home program costs for the program are to be reported. Describe the methodology used to allocate costs if other than the standard allocation methodology indicated in current regulations (MPP 11-402.8 et seq.). NOTE: A separate cost report form must be completed for each group home program operated by the corporation.

Number of months in cost reporting period 12

CORPORATE NAME:		PROGRAM NAME (IF DIFFERENT)	CORPORATE NUMBER	PROGRAM NUMBER	PROGRAM FISCAL YEAR		
Vista Del Mar Child & Family Services		STRTP	TAX ID 95-1647832	0194.00.04	7/1/2018 -6/30/19		
COST GROUPS		A TOTAL PROGRAM COST	B OFFSETS	C REASONABLENESS ADJUSTMENTS	D FINAL COSTS (COL. A MINUS COLS. B & C)	E PERCENTAGE OF TOTAL COSTS	F CDSS USE ONLY
1	Child Care & Supervision	1,992,409			1,992,409	54.43%	
2	Social Work Activity	149,332			149,332	4.08%	
3	Food	316,515			316,516	8.64%	
4a	Shelter Costs - Building Rent & Leases	-			-		
4b	Shelter Costs - Approved by Attorney General Self-Dealing Transactions Affiliated Leases	-			-		
4c	Shelter Costs - Acquisition Mortgage: Principal & Interest	486			486	0.01%	
5	Building & Equipment	291,762			291,762	7.97%	
6	Utilities	43,908			43,908	1.20%	
7	Vehicles & Travel	22,517			22,517	0.62%	
8	Child-Related	78,597	20,971		57,627	1.57%	
9a	Executive Director Salary	37,149			37,149	1.01%	
9b	Assistant Director Salary	-			-		
9c	Administrator Salary	55,865			55,865	1.53%	
9d	All Other Admin. Salaries	429,555			429,555	11.73%	
9e	Financial Audit Costs	9,001			9,001	0.25%	
9f	Administration (Minus Admin. Salaries and Financial Audit Costs)	255,195			255,195	6.97%	
TOTAL		3,682,294	20,971	-	3,661,324	100.00%	
CDSS USE ONLY							

**GROUP HOME PROGRAM
PAYROLL & FRINGE BENEFIT REPORT (SR4)**

Number of months in cost reporting period

12

CORPORATE/LICENSEE NAME:	CORPORATE NUMBER:	PROGRAM NUMBER	PROGRAM FISCAL YR
Vista Del Mar Child & Family Services	TAX ID 95-1647832	0194.00.04	7/1/2018 -6/30/19
	(1) Child Care & Supervision	(2) Social Work Activities	(3) DSS USE ONLY
I. PAYROLL (DO NOT INCLUDE BENEFITS)	1,522,754	114,131	
II. FRINGE BENEFIT EXPENSE			
1. FICA Employer Tax (include MEDICARE)	112,474	8,430	
2. Unemployment Coverage (State & Federal)	8,613	646	
3. Workers' Compensation Insurance	114,423	8,576	
4. Medical Insurance Expense	164,416	12,323	
5. Retirement	58,266	4,367	
6. Other (Specify on back of form)	11,463	859	
TOTAL FRINGE BENEFITS (Add Lines 1 through 6)	469,656	35,201	
III. TOTAL PAYROLL & FRINGE BENEFITS	1,992,409	149,332	
IV. CONTRACTOR COSTS	0	0	
V. TOTAL (Add Line III and Line IV), Transfer to Column A, Lines 1 and 2, Cost Report (SR 3)	1,992,409	149,332	

CDSS USE ONLY			

TOTAL PROGRAM COST DISPLAY (FCR 12 ITFC)

SUBMIT ONE FOR EACH PROGRAM

Number of months in cost reporting period TWELVE

CORPORATE/LICENSEE NAME		PROGRAM NAME (IF DIFFERENT)		CORPORATE NUMBER		PROGRAM NUMBER		REPORTING PERIOD	
Vista Del Mar Child & Family Services		ITFC		TAX ID 95-1647832		10-007-03		7/1/18 - 6/30/19	
LINE	(1) LINE ITEMS OF COST	(2) TOTAL (COLS. 3 THRU 6)	(3) ADMINISTRATION	(4) RECRUITMENT	(5) TRAINING	(6) SOCIAL WORK	(7) EXPLANATION		
100a	Executive Director Salary	1,310	1,310				Portion of Agency's ED allocated to ITFC program.		
100b	Assistant Director Salary	4,684	4,684				Portion of Agency's AD allocated to ITFC program.		
100c	Administrator Salary	13,249	13,249				Portion of Program Director's time allocated to ITFC.		
100d	All Other Administrative Salaries	23,650	23,650				Administrative salaries charged to ITFC program.		
101	Recruitment Payroll	12,939		12,939			Recruitment salaries for ITFC program.		
102	Training Payroll	25,878			25,878		Training salaries for ITFC program.		
110	Administrative Contracts	2,767	2,162	121	242	242	Allocated based on % of salaries in each category.		
121	Telephone and Telegraph	2,010	973	207	415	415	Allocated based on % of salaries in each category.		
122	Postage and Freight	48	35	3	5	5	Allocated based on % of salaries in each category.		
123	Office Supplies	901	577	65	130	130	Allocated based on % of salaries in each category.		
132	Conferences, Meetings, In-Service Training	5,010	2,123	577	1,155	1,155	Allocated based on % of salaries in each category.		
133	Memberships, Subscriptions, Dues	294	157	27	55	55	Allocated based on % of salaries in each category.		
134	Printing, Publications	772	329	88	177	177	Allocated based on % of salaries in each category.		
135	Bonding, General Insurance	172	70	20	41	41	Allocated based on % of salaries in each category.		
137	Advertising	151	62	18	36	36	Allocated based on % of salaries in each category.		
138	Miscellaneous	2,087	1,320	153	307	307	Allocated based on % of salaries in each category.		
200	Building and Equipment Payroll	2,108	2,108	0	0	0	Portion of Agency's Building & Equipment PR allocated to ITFC program		
211	Building Rents and Leases	0	0	0	0	0			
214	Acquisition Mortgage Principal & Interest	0	0	0	0	0			
215	Property Appraisal Fees	0	0	0	0	0			
216	Property Taxes	64	32	7	13	13	Allocated based on % of salaries in each category.		
217	Building and Equipment Insurance	171	83	18	36	36	Allocated based on % of salaries in each category.		
221	Utilities	2,395	1,035	272	544	544	Allocated based on % of salaries in each category.		
222	Building Maintenance	4,071	3,136	187	374	374	Allocated based on % of salaries in each category.		
223	Building and Equipment Contracts	0	0	0	0	0			
224	Building and Equipment Supplies	246	246	0	0	0	All is Administrative.		
225	Equipment Leases	0	0	0	0	0			
226	Equipment Depreciation Expense	444	444	0	0	0	Allocated based on % of salaries in each category.		
227	Expendable Equipment	0	0	0	0	0			
228	Building and Equipment Miscellaneous	0	0	0	0	0			
241	Vehicle Leases	0	0	0	0	0			
242	Vehicle Depreciation	0	0	0	0	0			
243	Vehicle Operating Costs	805	394	82	164	164	Allocated based on % of salaries in each category.		
350	Total Paid to Certified Family Homes	67,323	0	0	0	67,323	100% social work.		
352	Other Child-Related Costs, Not Provided by Certified Family Homes	0	0	0	0	0	100% social work.		
410	Social Worker Payroll and/or Social Worker Contract	25,878	0	0	0	25,878	Social Work salaries for ITFC program.		
440	Direct Care Contracts	0	0	0	0	0			
500	TOTAL EXPENSES	199,428	58,178	14,786	29,571	96,894			

See Independent Auditor's Report on Supplementary Information

VISTA DEL MAR CHILD AND FAMILY SERVICES

Reiss Davis Graduate School

Statement of Activities

Year ended June 30, 2019

REVENUES:

Tuition	\$	212,612
Fees		45,920
Contributions		76,414
Support from Vista Del Mar Child and Family Services		<u>694,686</u>

TOTAL REVENUES

1,029,632

EXPENSES:

Salaries and benefits	552,886
Consultants and Other Professional Fees	233,844
Scholarships	76,114
Occupancy	55,285
Membership Dues	7,870
Postage and Delivery	92
Printing and Advertising	8,374
Conferences and Meetings	12,330
Administration	67,877
Travel and Mileage	1,757
Licenses	755
Other Operating Expenses	<u>12,448</u>

TOTAL EXPENSES

1,029,632

CHANGE IN NET ASSETS

Net Assets - Beginning of Year

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NET ASSETS - END OF YEAR

\$ -

See Independent Auditor's Report on Supplementary Information