

**VISTA DEL MAR CHILD AND  
FAMILY SERVICES**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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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, 2020, 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, 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 15 to the financial statements, the recent COVID-19 pandemic in the United States and worldwide has resulted in reduced economic activity and market declines. As the extent and duration of the future impact to Vista Del Mar are uncertain, no adjustments were necessary to the financial statements, and our opinion is not modified with respect to this matter.

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 5, 2020 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 5, 2020  
Los Angeles, California

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## STATEMENT OF FINANCIAL POSITION

June 30, 2020

<b>ASSETS</b>	Without Donor Restrictions	With Donor Restrictions	Total
Cash and Cash Equivalents	\$ 5,694,330	\$ -	\$ 5,694,330
Restricted Cash	-	1,564,786	1,564,786
Investments (Note 3)	11,788,505	8,301,954	20,090,459
Accounts Receivable (Net)	8,139,904	-	8,139,904
Pledges Receivable (Net) (Note 4)	1,630,270	7,587,824	9,218,094
Prepaid Expenses and Other Assets	538,202	-	538,202
Beneficial Interest in Charitable Remainder Trusts (Notes 5 and 6)	-	5,791,513	5,791,513
Beneficial Interest in Perpetual Trust (Note 6)	-	933,584	933,584
Property and Equipment (Net) (Note 7)	13,226,795	-	13,226,795
<b>TOTAL ASSETS</b>	<b>\$ 41,018,006</b>	<b>\$ 24,179,661</b>	<b>\$ 65,197,667</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES:</b>			
Accounts Payable	\$ 1,610,437	\$ -	\$ 1,610,437
Accrued Liabilities (Note 8)	5,652,228	-	5,652,228
Annuities Payable (Note 11)	21,147	-	21,147
Paycheck Protection Program Loan (Note 10)	6,149,523	-	6,149,523
<b>TOTAL LIABILITIES</b>	<b>13,433,335</b>	<b>-</b>	<b>13,433,335</b>
<b>NET ASSETS:</b>			
Without Donor Restrictions	27,584,671	-	27,584,671
With Donor Restrictions (Note 13)	-	24,179,661	24,179,661
<b>TOTAL NET ASSETS</b>	<b>27,584,671</b>	<b>24,179,661</b>	<b>51,764,332</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 41,018,006</b>	<b>\$ 24,179,661</b>	<b>\$ 65,197,667</b>

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PROGRAM SERVICE REVENUE:</b>			
Governmental Revenue			
Residential	\$ 10,667,043	\$ -	\$ 10,667,043
Education	6,036,555	-	6,036,555
Outpatient	9,262,608	-	9,262,608
Community-Based Services	8,197,606	-	8,197,606
Client Service Fees	1,041,855	-	1,041,855
<b>TOTAL PROGRAM SERVICE REVENUE</b>	35,205,667	-	35,205,667
<b>PUBLIC SUPPORT:</b>			
Grants and Contributions (Net)	747,617	4,160,978	4,908,595
Legacies and Bequests	401,574	-	401,574
Special Events (Net of Direct Donor Benefit Expenses of \$311,147)	502,133	-	502,133
In-Kind Contributions	845,988	-	845,988
<b>TOTAL PUBLIC SUPPORT</b>	2,497,312	4,160,978	6,658,290
<b>TOTAL PROGRAM SERVICE REVENUE AND PUBLIC SUPPORT</b>	37,702,979	4,160,978	41,863,957
<b>OPERATING EXPENSES:</b>			
Program Services	38,923,373	-	38,923,373
Management and General	4,716,197	-	4,716,197
Development	1,484,011	-	1,484,011
<b>TOTAL OPERATING EXPENSES</b>	45,123,581	-	45,123,581
Net Assets Released from Purpose or Time Restrictions	5,054,465	(5,054,465)	-
<b>CHANGE IN NET ASSETS BEFORE NON-OPERATING INCOME (LOSS)</b>	(2,366,137)	(893,487)	(3,259,624)
Investment Return (Net)	362,737	(61,258)	301,479
Other Income	134,087	-	134,087
Change in Value of Beneficial Interest in:			
Charitable Remainder Trusts	-	643,466	643,466
Perpetual Trust	-	99,766	99,766
Change in Value of Annuities Payable	372,179	-	372,179
<b>CHANGE IN NET ASSETS</b>	(1,497,134)	(211,513)	(1,708,647)
Net Assets - Beginning of Year	29,081,805	24,391,174	53,472,979
<b>NET ASSETS - END OF YEAR</b>	\$ 27,584,671	\$ 24,179,661	\$ 51,764,332

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, 2020

	Program Services						Supporting Services			Total Expenses
	Residential	Education	Outpatient	Community-Based Services	Other Programs	Total	Management and General	Development	Total	
Salaries and Wages	\$ 6,553,509	\$ 4,686,093	\$ 6,391,849	\$ 4,261,869	\$ 872,286	\$ 22,765,606	\$ 2,438,140	\$ 643,457	\$ 3,081,597	\$ 25,847,203
Payroll Taxes and Employee Benefits	1,859,616	1,203,602	1,372,508	1,030,398	137,779	5,603,903	469,301	123,299	592,600	6,196,503
<b>TOTAL PERSONNEL COSTS</b>	<b>8,413,125</b>	<b>5,889,695</b>	<b>7,764,357</b>	<b>5,292,267</b>	<b>1,010,065</b>	<b>28,369,509</b>	<b>2,907,441</b>	<b>766,756</b>	<b>3,674,197</b>	<b>32,043,706</b>
Occupancy	784,939	772,286	565,134	688,724	105,125	2,916,208	68,521	40,671	109,192	3,025,400
Direct Services	449,063	20,673	152,114	1,553,490	-	2,175,340	810	-	810	2,176,150
Contract and Professional Services	153,540	83,434	53,416	220,218	251,005	761,613	842,801	381,131	1,223,932	1,985,545
Transportation Costs	46,682	833,298	45,580	70,928	220	996,708	5,407	271	5,678	1,002,386
Depreciation	253,401	264,921	68,082	57,837	2,647	646,888	239,307	2,081	241,388	888,276
In-Kind Expense	-	-	-	835,229	-	835,229	-	10,759	10,759	845,988
Food and Provisions	606,387	231,571	-	4,104	-	842,062	-	-	-	842,062
Supplies	94,830	111,724	67,078	273,450	11,451	558,533	136,340	131,207	267,547	826,080
Conferences and Meetings	48,179	11,317	28,579	160,591	11,818	260,484	64,270	47,912	112,182	372,666
Liability Insurance	16,882	40,195	13,187	18,561	4,833	93,658	247,319	-	247,319	340,977
Miscellaneous	24,179	25,120	21,987	20,056	105,313	196,655	99,632	-	99,632	296,287
Telephone and Postage	9,080	3,503	55,282	115,027	1,862	184,754	95,703	5,627	101,330	286,084
Publications, Printing and Artwork	558	1,752	2,828	6,747	73,847	85,732	8,646	97,596	106,242	191,974
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 10,900,845</b>	<b>\$ 8,289,489</b>	<b>\$ 8,837,624</b>	<b>\$ 9,317,229</b>	<b>\$ 1,578,186</b>	<b>\$ 38,923,373</b>	<b>\$ 4,716,197</b>	<b>\$ 1,484,011</b>	<b>\$ 6,200,208</b>	<b>\$ 45,123,581</b>
						86%	11%	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, 2020

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ (1,708,647)
Adjustments to Reconcile Change in Net Assets to Net Cash Used In Operating Activities:	
Adjustment to Los Angeles Department of Mental Health Reserve	229,182
Depreciation	888,276
Bad Debt Expense	(47,222)
Realized and Unrealized Losses on Investments	190,033
Change in Value of Beneficial Interests in Charitable Remainder Trusts	(643,466)
Change in Value of Beneficial Interest in Perpetual Trust	(99,766)
Change in Value of Annuities Payable	(372,179)
Decrease in Present Value Discount of Pledges Receivable	(220,740)
Contribution Restricted for Investment in Property and Equipment	(2,000,000)
(Increase) Decrease in:	
Accounts Receivable	(2,164,203)
Pledges Receivable	160,000
Prepaid Expenses and Other Assets	276,610
Beneficial Interest in Perpetual Trust	100,000
Increase (Decrease) in:	
Accounts Payable	288,917
Accrued Liabilities	(739,847)

***NET CASH USED IN OPERATING ACTIVITIES*** (5,863,052)

### CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Property and Equipment	(2,025,754)
Purchase of Investments	(28,102)
Proceeds from Sale of Investments	4,694,647
Reinvested Interest and Dividends	(519,240)

***NET CASH PROVIDED BY INVESTING ACTIVITIES*** 2,121,551

### CASH FLOWS FROM FINANCING ACTIVITIES:

Payments to Annuitants	(169,696)
Proceeds From Paycheck Protection Program Loan	6,149,523

***NET CASH PROVIDED BY FINANCING ACTIVITIES*** 5,979,827

***NET INCREASE IN CASH AND CASH EQUIVALENTS*** 2,238,326

Cash and Cash Equivalents - Beginning of Year 5,020,790

***CASH AND CASH EQUIVALENTS - END OF YEAR*** \$ 7,259,116

### CASH AND CASH EQUIVALENTS INCLUDES:

Cash and Cash Equivalents	\$ 5,694,330
Restricted Cash	1,564,786

***CASH AND CASH EQUIVALENTS - END OF YEAR*** \$ 7,259,116

The Accompanying Notes are an Integral Part of These Financial Statements



# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 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 12<sup>th</sup> 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](http://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, 2020 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, 2020 was \$1,564,786.

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Securities are generally held in custodial investment accounts administered by financial institutions. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the statement of activities and represent the difference between the cost and fair value of investments held at the end of the fiscal year.

#### (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, 2020, 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, or longer, 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, 2020, the LADMH reserve of \$1,589,636 is included in accounts receivable.

#### (f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions, including endowment gifts and pledges, as well as unconditional promises to give, are recognized as revenue in the period promised. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not included as revenue until the conditions on which they depend have been met. 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 \$107,768 at June 30, 2020. At June 30, 2020, Vista Del Mar evaluated the collectability of contributions and pledges receivable and an allowance for doubtful pledges of \$39,138 was established.

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 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, 2020 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 84% 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, 2020

### 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, 2020 is \$933,584.

#### (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, 2020.

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 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) PAYCHECK PROTECTION PROGRAM LOAN**

Management has elected to account for the forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a debt instrument and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and Vista Del Mar has been 'legally released' or (2) Vista Del Mar repays the loan to the lender. Refer to Note 10.

#### **(o) 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 \$845,988 were received during the year ended June 30, 2020 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.

#### **(p) 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.

In accordance with the Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic 740, *Uncertainty in Income Taxes*, Vista Del Mar recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2020, Vista Del Mar performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (q) 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.

#### (r) 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.

#### (s) NEW ACCOUNTING PRONOUNCEMENTS

In June 2018, FASB issued Accounting Standards Update (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. Vista Del Mar implemented the ASU during the year ended June 30, 2020.

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 will be effective for the year ending June 30, 2021.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which simplifies the fair value disclosures of private companies. For Vista Del Mar, the ASU will be effective for the year ending June 30, 2021.

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) NEW ACCOUNTING PRONOUNCEMENTS (continued)

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 provide 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, 2023.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For Vista Del Mar, the ASU will be effective for the year ending June 30, 2022.

#### (t) SUBSEQUENT EVENTS

Vista Del Mar has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2020 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 5, 2020, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

### NOTE 3 - INVESTMENTS

Investments at June 30, 2020 consist of the following:

Equity Mutual Funds	\$ 10,926,010
Fixed Income Mutual Funds	7,612,683
Equities	291,964
Certificates of Deposit	<u>1,259,802</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 20,090,459</u></b>

The terms of a letter of credit with a bank [See Note 12(c)] require a reserve to be maintained in a separate bank account. The reserve at June 30, 2020 amounted to \$1,259,802 and is held in certificates of deposit.

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2020 are due to be collected as follows:

Due within One Year	\$ 5,665,000
Due in One to Five Years	<u>3,700,000</u>
<b><i>GROSS PLEDGES RECEIVABLE</i></b>	9,365,000
Less: Present Value Discount	(107,768)
Less: Allowance for Doubtful Pledges	<u>(39,138)</u>
<b><i>PLEDGES RECEIVABLE (NET)</i></b>	<u>\$ 9,218,094</u>

### 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 \$5,791,513 at June 30, 2020, 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).



# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 6 - FAIR VALUE MEASUREMENTS (continued)

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, 2020 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2020	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	\$ 10,926,010	\$ 10,926,010	\$ -	\$ -
Fixed Income Mutual Funds	7,612,683	7,612,683	-	-
Equities	291,964	291,964	-	-
Certificates of Deposit	1,259,802	-	1,259,802	-
Beneficial Interest in:				
Charitable Remainder Trusts	5,791,513	-	-	5,791,513
Perpetual Trust	933,584	-	-	933,584
<b>TOTAL ASSETS</b>	<b>\$ 26,815,556</b>	<b>\$ 18,830,657</b>	<b>\$ 1,259,802</b>	<b>\$ 6,725,097</b>
Annuities Payable	\$ 21,147	-	-	\$ 21,147
<b>TOTAL LIABILITIES</b>	<b>\$ 21,147</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,147</b>

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, 2020.

## VISTA DEL MAR CHILD AND FAMILY SERVICES

### NOTES TO FINANCIAL STATEMENTS

June 30, 2020

#### NOTE 6 - FAIR VALUE MEASUREMENTS (continued)

Changes in Level 3 measurements for the year ended June 30, 2020 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	\$ 5,148,047	\$ 933,818	\$ 563,022
Contributions	-	-	-
Payments/Distributions		(100,000)	(169,696)
Change in Value	643,466	99,766	(372,179)
<b>ENDING BALANCE</b>	<b>\$ 5,791,513</b>	<b>\$ 933,584</b>	<b>\$ 21,147</b>

#### NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 consist of the following:

Building and Improvements	\$ 14,534,577
Land and Improvements	2,014,468
Electronic Clinical Records System	1,090,277
Leasehold Improvements	593,207
Furniture and Equipment	1,749,486
Vehicles	236,532
Construction in Progress	3,533,409
<b>TOTAL</b>	<b>23,751,956</b>
Less: Accumulated Depreciation	(10,525,161)
<b>PROPERTY AND EQUIPMENT (NET)</b>	<b>\$ 13,226,795</b>

Depreciation expense for the year ended June 30, 2020 was \$888,276. Estimated costs to complete the construction in progress are approximately \$6,900,000.

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 8 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2020 consist of the following:

Department of Mental Health Overpayments	\$	2,134,478
Accrued Vacation		1,350,128
Workers' Compensation Self Insurance Reserve [See Note 12(c)]		688,924
Department of Child and Family Services Overpayments		1,052,063
Other Accrued Expenses		426,635
<b>TOTAL ACCRUED LIABILITIES</b>	<b>\$</b>	<b>5,652,228</b>

### 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 \$772,324 for the year ended June 30, 2020. On October 1, 2019, the non-elective contributions percentage was changed to 3%.

### NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN

Vista Del Mar applied for and received, in April 2020, a PPP loan in the amount of \$6,149,523. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of two years and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If Vista Del Mar does not apply for forgiveness within 10 months after the last day of the covered period (defined, at Vista Del Mar's election, as either 8 weeks or 24 weeks), such payments will be due that month.

Vista Del Mar intends to apply for forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period. To the extent that all or part of the PPP loan is not forgiven, Vista Del Mar will be required to pay interest on the PPP loan at a rate of 1.0% per annum. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

At June 30, 2020 the total outstanding balance of the PPP loan was \$6,149,523.

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 11 - 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 \$60,000. The corresponding reasonably commensurate value at June 30, 2020 is \$21,147.

### NOTE 12 - 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	
2021	\$ 333,793
2022	254,125
2023	109,495
<b>TOTAL</b>	<b>\$ 697,413</b>

Rent expense under operating leases for the year ended June 30, 2020 was \$374,741

#### (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, 2020 of \$688,924 is included in accrued liabilities. Workers' compensation self-insurance expense for the year ended June 30, 2020 was \$72,166 which does not include 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 \$1,259,802 (see Note 3).

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 12 - COMMITMENTS AND CONTINGENCIES (continued)

#### (c) WORKERS' COMPENSATION (continued)

	Gross Claims Liability	Estimated Insurance Recoveries	Net Claims Liability
Balance at July 1, 2019	\$ 1,087,792	\$ -	\$ 1,087,792
Self-Insurance Expenses Incurred	72,166	-	72,166
Payments Made to Fund Related Liabilities	(471,034)	-	(471,034)
<b><i>BALANCE AT JUNE 30, 2020</i></b>	<b>\$ 688,924</b>	<b>\$ -</b>	<b>\$ 688,924</b>

#### (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 13 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 consist of the following:

Subject to the Passage of Time:	
Beneficial Interest in Charitable Remainder Trusts	\$ 5,791,513
Subject to Expenditure for Specified Purpose:	
Facilities	7,480,711
Program Services	3,095,240
Subject to Appropriation	
Unspent Endowment Earnings	1,164,456
Not Subject to Appropriation or Expenditure:	
Donor Restricted Endowment Funds	5,714,157
Beneficial Interest in Perpetual Trust	933,584
<b><i>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</i></b>	<b>\$ 24,179,661</b>

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

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

Expiration of Time Restrictions:	
Beneficial Interest in Perpetual Trust	\$ 100,000
Satisfaction of Purpose Restrictions:	
Facilities	1,687,154
Program Services	3,089,755
Appropriation in Accordance with Endowment Spending Policy	
	73,280
Donor Releases from Endowments	104,276
	\$ 5,054,465
<b><i>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</i></b>	

### NOTE 14 - 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.

<b>Endowment Net Asset Composition At June 30, 2020</b>	<b>With Donor Restrictions</b>
Donor-Restricted:	
Original Donor-Restricted Perpetual Gifts	\$ 5,714,157
Accumulated Investment Gains	1,164,456
	\$ 6,878,613
<b><i>ENDOWMENT NET ASSETS - JUNE 30, 2020</i></b>	

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### NOTE 14 - ENDOWMENTS (continued)

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, 2020, Vista Del Mar had no underwater endowments.

For the year ended June 30, 2020, Vista Del Mar endowment net assets changed as follows:

	With Donor Restrictions
Endowment Net Assets - Beginning of Year	\$ 7,117,427
Donor-Approved Releases	(104,276)
Investment Return (Net)	(61,258)
Appropriations for Expenditure	(73,280)
<b><i>ENDOWMENT NET ASSETS - END OF YEAR</i></b>	<b><i>\$ 6,878,613</i></b>

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.

### NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by Vista Del Mar at June 30, 2020 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, 2020	
Cash and Cash Equivalents	\$ 5,694,330
Investments	20,090,459
Accounts Receivable Due within One Year (Net)	4,028,080
Pledges Receivable (Net)	9,218,094
<b><i>TOTAL FINANCIAL ASSETS AT JUNE 30, 2020</i></b>	<b><i>39,030,963</i></b>
Less Amounts Not Available to Be Used within One Year, Due to:	
Donor-Imposed Restrictions:	
Endowment Funds	(6,878,613)
Funds Held with Purpose Restrictions	(1,423,341)
Pledges Restricted by Purpose or Time	(7,587,824)
<b><i>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</i></b>	<b><i>\$ 23,141,185</i></b>

# VISTA DEL MAR CHILD AND FAMILY SERVICES

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### **NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES** (continued)

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.

In March 2020, an outbreak of a novel strain of coronavirus (COVID-19) surfaced in the United States and throughout the world, causing business disruption and significant market fluctuations, which may negatively impact Vista Del Mar's operations. To ensure availability of financial resources, Vista Del Mar applied for and received a PPP loan as described in Note 10.



**VISTA DEL MAR CHILD AND  
FAMILY SERVICES**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

**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, 2020 and our report thereon dated November 5, 2020, 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 5, 2020  
Los Angeles, California

**VISTA DEL MAR CHILD AND FAMILY SERVICES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS**

Year Ended June 30, 2020

Federal CFDA Number	Governmental Revenue		Program Expenditures from Governmental Revenue		
	Federal	Non-Federal			
<b>FEDERAL AWARDS</b>					
Federal Grantor/Passed Through Grantor/Program or Cluster Title					
<b>MAJOR AWARDS</b>					
U.S. Department of Health and Human Services:					
Pass through, California Department of Social Services:					
Group Home	93.658	\$ 3,394,332	\$ 165,907	\$ 3,560,239	
Community Treatment Services	93.658	4,412,091	215,653	4,627,744	
Foster Family Agency	93.658	15,157	490,082	505,239	
		<u>7,821,580</u>	<u>871,642</u>	<u>8,693,222</u>	
		<b>TOTAL MAJOR AWARDS</b>	<b>7,821,580</b>	<b>871,642</b>	<b>8,693,222</b>
<b>NON-MAJOR AWARDS</b>					
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	96,313	769,856	866,169	
Child Care Mandatory Matching Funds	93.596	209,516	-	209,516	
		<u>305,829</u>	<u>769,856</u>	<u>1,075,685</u>	
U.S. Department of Health and Human Services:					
Administration for Children and Families:					
Head Start	93.600	2,287,674	-	2,287,674	
Early Head Start - Child Care Partnership	93.600	1,941,486	-	1,941,486	
		<u>4,229,160</u>	<u>-</u>	<u>4,229,160</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	82,500	82,500	165,000	
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	40,699	13,478,041	13,518,740	
U.S. Department of Education:					
Pass through, California Department of Education:					
Special Education Grants to States - Workability					
Program	84.013	59,155	-	59,155	
U.S. Department of Education:					
Federal Direct Student Loans					
	84.268	33,966	-	33,966	
		<u>4,751,309</u>	<u>14,330,397</u>	<u>19,081,706</u>	
		<b>TOTAL NON-MAJOR AWARDS</b>	<b>4,751,309</b>	<b>14,330,397</b>	<b>19,081,706</b>
<b>STATE AND LOCAL AWARDS</b>					
Unified School Districts, Various Counties, Tuition					
		-	5,992,507	5,992,507	
City of Santa Monica Community Development Program					
		-	437,890	437,890	
		<u>-</u>	<u>6,430,397</u>	<u>6,430,397</u>	
		<b>TOTAL STATE AND LOCAL AWARDS</b>	<b>-</b>	<b>6,430,397</b>	<b>6,430,397</b>
		<b>TOTAL FEDERAL AND NON-FEDERAL AWARDS</b>	<b>\$ 12,572,889</b>	<b>\$ 21,632,436</b>	<b>\$ 34,205,325</b>

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, 2020

#### 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, 2020. 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 and Family Services		STRTP		TAX ID 95-1647832	0194.00.04	7/1/2019 - 6/30/20	
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	2,281,488			2,281,488	57.11%	
2	Social Work Activity	230,903			230,903	5.78%	
3	Food	255,037			255,038	6.38%	
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	604			604	0.02%	
5	Building & Equipment	266,584			266,584	6.67%	
6	Utilities	46,887			46,887	1.17%	
7	Vehicles & Travel	29,540			29,540	0.74%	
8	Child-Related	97,899	10,201		87,698	2.19%	
9a	Executive Director Salary	34,294			34,294	0.86%	
9b	Assistant Director Salary	-			-		
9c	Administrator Salary	66,622			66,622	1.67%	
9d	All Other Admin. Salaries	407,886			407,886	10.21%	
9e	Financial Audit Costs	8,682			8,682	0.22%	
9f	Administration (Minus Admin. Salaries and Financial Audit Costs)	279,204			279,204	6.99%	
	<b>TOTAL</b>	4,005,632	10,201	-	3,995,432	100.00%	
<b>CDSS USE ONLY</b>							

**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 and Family Services	TAX ID 95-1647832	0194.00.04	7/1/2019 - 6/30/20
	<b>(1) Child Care &amp; Supervision</b>	<b>(2) Social Work Activities</b>	<b>(3) DSS USE ONLY</b>
I. PAYROLL (DO NOT INCLUDE BENEFITS)	1,770,514	179,183	
II. FRINGE BENEFIT EXPENSE			
1. FICA Employer Tax (include MEDICARE)	130,411	13,195	
2. Unemployment Coverage (State & Federal)	9,106	922	
3. Workers' Compensation Insurance	159,449	16,111	
4. Medical Insurance Expense	159,598	16,172	
5. Retirement	47,533	4,827	
6. Other (Specify on back of form)	4,876	494	
TOTAL FRINGE BENEFITS (Add Lines 1 through 6)	510,974	51,721	
III. TOTAL PAYROLL & FRINGE BENEFITS	2,281,488	230,903	
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)	2,281,488	230,903	

<b>CDSS USE ONLY</b>
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**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 and Family Services		ITFC		TAX ID 95-1647832		10-007-03		7/1/19 - 6/30/20	
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	1,389	1,389				Portion of Agency's ED allocated to ITFC program.		
100b	Assistant Director Salary	2,812	2,812				Portion of Agency's AD allocated to ITFC program.		
100c	Administrator Salary	15,600	15,600				Portion of Program Director's time allocated to ITFC.		
100d	All Other Administrative Salaries	28,770	28,770				Administrative salaries charged to ITFC program.		
101	Recruitment Payroll	15,614		15,614			Recruitment salaries for ITFC program.		
102	Training Payroll	31,227			31,227		Training salaries for ITFC program.		
110	Administrative Contracts	4,595	3,252	269	537	537	Allocated based on % of salaries in each category.		
121	Telephone and Telegraph	2,012	997	203	406	406	Allocated based on % of salaries in each category.		
122	Postage and Freight	74	66	2	3	3	Allocated based on % of salaries in each category.		
123	Office Supplies	1,183	791	79	157	157	Allocated based on % of salaries in each category.		
132	Conferences, Meetings, In-Service Training	4,097	1,684	483	965	965	Allocated based on % of salaries in each category.		
133	Memberships, Subscriptions, Dues	439	217	44	89	89	Allocated based on % of salaries in each category.		
134	Printing, Publications	120	56	13	26	26	Allocated based on % of salaries in each category.		
135	Bonding, General Insurance	339	134	41	82	82			
137	Advertising	159	63	19	38	38	Allocated based on % of salaries in each category.		
138	Miscellaneous	3,600	2,090	302	604	604	Allocated based on % of salaries in each category.		
200	Building and Equipment Payroll	2,498	2,498	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	88	35	11	21	21			
217	Building and Equipment Insurance	296	135	32	64	64	Allocated based on % of salaries in each category.		
221	Utilities	3,639	1,516	425	849	849	Allocated based on % of salaries in each category.		
222	Building Maintenance	4,100	3,144	191	382	382	Allocated based on % of salaries in each category.		
223	Building and Equipment Contracts	0	0	0	0	0			
224	Building and Equipment Supplies	241	241	0	0	0	All is Administrative.		
225	Equipment Leases	0	0	0	0	0			
226	Equipment Depreciation Expense	968	968	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	2,207	967	248	496	496	Allocated based on % of salaries in each category.		
350	Total Paid to Certified Family Homes	59,151	0	0	0	59,151	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	31,227	0	0	0	31,227	Social Work salaries for ITFC program.		
440	Direct Care Contracts	0	0	0	0	0			
500	<b>TOTAL EXPENSES</b>	<b>216,444</b>	<b>67,424</b>	<b>17,974</b>	<b>35,947</b>	<b>95,099</b>			

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 and Family Services				TAX ID 95-1647832	0194.08.01	7/1/2019 - 6/30/2020		
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)	2,704,598			2,704,598	57.58%		
2	Social Work Activity (From SR4 Report)	264,149			264,149	5.62%		
3	Food	300,842			300,842	6.40%		
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	745			745	0.02%		
5	Building & Equipment	481,474			481,474	10.25%		
6	Utilities	65,045			65,045	1.38%		
7	Vehicles & Travel	18,697			18,697	0.40%		
8	Child-Related	82,782	32,697		50,084	1.07%		
9a	Executive Director Salary	42,236			42,236	0.90%		
9b	Assistant Director Salary	-			-	0.00%		
9c	Administrator Salary	56,347			56,347	1.20%		
9d	All Other Admin. Salaries	442,483			442,483	9.42%		
9e	Financial Audit Costs	11,304			11,304	0.24%		
9f	Administration (Minus Admin. Salaries and Financial Audit Costs)	259,676			259,676	5.53%		
	<b>TOTAL</b>	4,730,376	32,697	-	4,697,680	100.00%		
<b>CDSS USE ONLY</b>								

SR 3 (12/02)



**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 and Family Services	TAX ID 95-1647832	0194.08.01	7/1/2019 - 6/30/2020
	<b>(1)</b> <b>Child Care &amp; Supervision</b>	<b>(2)</b> <b>Social Work Activities</b>	<b>(3)</b> <b>DSS USE ONLY</b>
I. PAYROLL (DO NOT INCLUDE BENEFITS)	2,067,079	201,875	
II. FRINGE BENEFIT EXPENSE			
1. FICA Employer Tax (include MEDICARE)	152,589	14,905	
2. Unemployment Coverage (State & Federal)	11,807	1,153	
3. Workers' Compensation Insurance	200,458	19,595	
4. Medical Insurance Expense	207,384	20,255	
5. Retirement	58,757	5,729	
6. Other (Specify on back of form)	6,525	638	
TOTAL FRINGE BENEFITS (Add Lines 1 through 6)	637,519	62,274	
III. TOTAL PAYROLL & FRINGE BENEFITS	2,704,598	264,149	
IV. CONTRACTOR COSTS	-	-	
V. TOTAL (Add Line III and Line IV), Transfer to Column A, Lines 1 and 2, Cost Report (SR 3)	2,704,598	264,149	

**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 and Family Services		FFA		TAX ID 95-1647832		0194.01.02		7/1/19 - 6/30/20	
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	2,737	2,737				Portion of Agency's ED allocated to FFA program.		
100b	Assistant Director Salary	2,829	2,829				Portion of Agency's AD allocated to FFA program.		
100c	Administrator Salary	26,163	26,163				Portion of Program Director's time allocated to FFA.		
100d	All Other Administrative Salaries	61,620	61,620				Administrative salaries charged to FFA program.		
101	Recruitment Payroll	29,688		29,688			Recruitment salaries for FFA program.		
102	Training Payroll	59,377			59,377		Training salaries for FFA program.		
110	Administrative Contracts	7,585	6,257	245	490	594	Allocated based on % of salaries in each category.		
121	Telephone and Telegraph	1,142	904	44	88	106	Allocated based on % of salaries in each category.		
122	Postage and Freight	390	235	29	57	69	Allocated based on % of salaries in each category.		
123	Office Supplies	5,147	2,701	451	902	1,093	Allocated based on % of salaries in each category.		
132	Conferences, Meetings, In-Service Training	10,082	3,975	1,126	2,252	2,730	Allocated based on % of salaries in each category.		
133	Memberships, Subscriptions, Dues	750	386	67	134	163	Allocated based on % of salaries in each category.		
134	Printing, Publications	248	115	25	49	60	Allocated based on % of salaries in each category.		
135	Bonding, General Insurance	8,622	3,267	987	1,974	2,393	Allocated based on % of salaries in each category.		
137	Advertising	374	142	43	86	104	Allocated based on % of salaries in each category.		
138	Miscellaneous	5,906	3,796	389	778	943	Allocated based on % of salaries in each category.		
200	Building and Equipment Payroll	4,923	4,923	-	-	-	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	177	67	20	41	49			
217	Building and Equipment Insurance	591	265	60	120	146	All is Administrative.		
221	Utilities	7,288	2,942	801	1,603	1,943	Allocated based on % of salaries in each category.		
222	Building Maintenance	8,222	6,662	288	575	697	Allocated based on % of salaries in each category.		
223	Building and Equipment Contracts	-	-	-	-	-			
224	Building and Equipment Supplies	475	475	-	-	-	All is Administrative.		
225	Equipment Leases	-	-	-	-	-			
226	Equipment Depreciation Expense	1,908	1,908	-	-	-	All is Administrative.		
227	Expendable Equipment	-	-	-	-	-			
228	Building and Equipment Miscellaneous	-	-	-	-	-			
241	Vehicle Leases	-	-	-	-	-			
242	Vehicle Depreciation	-	-	-	-	-			
243	Vehicle Operating Costs	2,683	1,236	267	534	647	Allocated based on % of salaries in each category.		
350	Total Paid to Certified Family Homes	166,761	-	-	-	166,761	100% social work.		
352	Other Child-Related Costs, Not Provided by Certified Family Homes	-	-	-	-	-			
410	Social Worker Payroll and/or Social Worker Contract	59,377	-	-	-	59,377	Social Work salaries for FFA program.		
440	Direct Care Contracts	12,600	-	-	-	12,600	Allocations for contractors by administrator.		
500	<b>TOTAL EXPENSES</b>	<b>487,667</b>	<b>133,606</b>	<b>34,529</b>	<b>69,059</b>	<b>250,474</b>			

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, 2020

**REVENUES:**

Tuition	\$	263,984
Fees		55,940
Contributions		113,446
Support from Vista Del Mar Child and Family Services		<u>690,609</u>

***TOTAL REVENUES***

1,123,979

**EXPENSES:**

Salaries and benefits		651,503
Consultants and Other Professional Fees		152,856
Scholarships		93,513
Occupancy		49,698
Membership Dues		8,105
Postage and Delivery		432
Printing and Advertising		66,914
Conferences and Meetings		621
Administration		79,565
Travel and Mileage		2,069
Licenses		-
Other Operating Expenses		<u>18,703</u>

***TOTAL EXPENSES***

1,123,979

***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