

**NORTHERN CALIFORNIA
CHILD DEVELOPMENT, INC.
CHILD CARE -PROGRAMS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORTS**

FOR THE YEAR ENDED JUNE 30, 2017

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CHILD CARE PROGRAMS
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**NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CHILD CARE PROGRAMS
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Agency Name:	Northern California Child Development, Inc.
Program Numbers/Type	CSPP-6609 California State Preschool 52-1819-OJ Child and Adult Care Food Program
Type of Agency:	Non-Profit Corporation
Agency Address:	220 Sycamore Street, Suite 200 Red Bluff, CA 96080
Name and Address of Executive Director:	Brian Heese, Executive Director 220 Sycamore Street, Suite 200 Red Bluff, CA 96080
Telephone Number:	(530) 529-1500
Period Covered by Examination:	July 1, 2016 through June 30, 2017
Number of Days of Agency Operation:	243
Scheduled Hours of Operation Each Day:	Monday through Friday: 7:30 a.m. – 6:00 p.m.



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ABOVE THE BRIGHT LINE



AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northern California Child Development, Inc. (The Organization)
Red Bluff, California

Report on the Financial Statements

We have audited the accompanying financial statements of Northern California Child Development, Inc. (the Organization) which are comprised of the statement of activities as of June 30, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Northern California Child Development, Inc. as of June 30, 2017, and the changes in its nets assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Equipment Expenditures and Schedule of Expenditures for Building Improvements, Schedule of Renovation and Repair Expenditures, Schedule of Administrative Costs, Schedule of Expenditures by State Categories, and Audited Final Attendance and Fiscal Report Forms are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and in conformity with the Audit Guide for Audits of Child Development and Nutrition Programs issued by the *California Department of Education (CDE Audit Guide)*. The Schedule of Equipment Expenditures and Schedule of Expenditures for Building Improvements, Schedule of Renovation and Repair Expenditures, Schedule of Administrative Costs, Schedule of Expenditures by State Categories, and Audited Final Attendance and Fiscal Report Forms are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 Schedule of Equipment Expenditures and Schedule of Expenditures for Building Improvements, Schedule of Renovation and Repair Expenditures, Schedule of Administrative Costs, Schedule of Expenditures by State Categories, and Audited Final Attendance and Fiscal Report Forms are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and State Awards, as required by the Audit Guide for Audits of Child Development and Nutrition Programs issued by the *California Department of Education (CDE Audit Guide)*, is presented for purposes of additional analysis and is 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT (Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017, on our consideration of Northern California Child Development, Inc.'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 Northern California Child Development, Inc.'s internal control over financial reporting and compliance.

Vorwin, Hahn + Co.

Calabasas, California
December 4, 2017

NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CHILD CARE PROGRAMS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	California State Pre-School CSPP-6609	Head Start Non-Certified Children	CDE Portion CACFP	Subtotal CDE Programs	Head Start Enhancement Funds	Head Start & Early Head Start CACFP	Total
REVENUE AND SUPPORT							
Grant revenue	\$ 416,655	\$ -	\$ 87,939	\$ 504,594	\$ 618,536	\$ 75,579	\$ 1,198,709
Parent fees	10,476	-	-	10,476	-	-	10,476
Transfer from CDE Reserve	5,711	-	-	5,711	-	-	5,711
Other income	-	214,536	-	214,536	-	-	214,536
Total Revenue and Support	<u>432,842</u>	<u>214,536</u>	<u>87,939</u>	<u>735,317</u>	<u>618,536</u>	<u>75,579</u>	<u>1,429,432</u>
EXPENSES							
Certified salaries	\$ 156,975	\$ -	\$ -	\$ 156,975	\$ 244,483	\$ -	\$ 401,458
Classified salaries	77,378	133,388	19,298	230,064	145,542	11,826	387,432
Employee benefits and payroll taxes	73,345	41,849	4,312	119,506	119,973	4,088	243,567
Contract services	19,660	11,529	9,402	40,591	22,589	7,920	71,100
Food	-	-	51,894	51,894	141	45,751	97,786
Insurance	5,450	3,593	-	9,043	6,773	-	15,816
Occupancy (including repairs)	12,172	6,188	-	18,360	21,360	-	39,720
Other operating expenses	2,555	3,993	-	6,548	6,180	-	12,728
Rent	19,715	4,639	-	24,354	30,594	-	54,948
Repairs and maintenance, equipment	5,382	2,552	-	7,934	5,390	-	13,324
Supplies	13,747	5,483	3,033	22,263	10,935	5,994	39,192
Telephone	44,895	1,322	-	46,217	4,576	-	50,793
Travel and training	5,711	-	-	5,711	-	-	5,711
Total Expenses	<u>436,985</u>	<u>214,536</u>	<u>87,939</u>	<u>739,460</u>	<u>618,536</u>	<u>75,579</u>	<u>1,433,575</u>
CHANGE IN NET ASSETS	<u>\$ (4,143)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,143)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,143)</u>

NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CHILD CARE PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. ORGANIZATION

General

Northern California Child Development, Inc., (the Organization) is a nonprofit corporation organized in 1966 under the laws of the State of California. The primary purpose of the Organization is to develop and maintain a series of child development programs and sponsor various activities designed to encourage parent participation in the functions of the Organization. The Organization's child care programs are funded through the California Department of Education (CDE). Whereas the Organization's fiscal year end is August 31, the CDE child care programs presented in this report have a fiscal year-end of June 30, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by the Organization are described below to enhance the usefulness and understandability of the financial statements.

Financial Statement Presentation

The financial statements are presented based on ASC Topic 958, *Not-for-Profit Entities*. ASC Topic 958, Sections 210 and 225 requires classification of the Organization's net assets, revenues as well as expenses based on the existence or absence of donor-imposed restrictions. The statement requires presentation of the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – in the statement of financial position and the amounts of change in each of those classes of net assets in the statement of activities.

Accrual Basis

The accounting records of the Organization are maintained on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Government Revenue

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CHILD CARE PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Concentration of Revenue Sources

During the year ended June 30, 2017, the Organization had two major revenue funding sources for the child care program-specific report, the California Department of Education and Head Start, which accounted for approximately 99% of the total revenue of the CDE programs.

Revenue Recognition

Contributions and unconditional grants are recognized as support and revenues when they are received or unconditionally pledged. These contributions are shown as restricted support and revenues if they are subject to time or donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions when a stipulated time restriction ends, purpose restriction is accomplished, or both. However, temporarily restricted contributions and grants are reported as unrestricted support and revenues if the restriction is met in the same year that the gift is received. Conditional contributions are not recorded as support and revenues until the conditions are met. Payments classified as exchange transactions (reciprocal transfers between two entities in which goods and services of equal value is exchanged) are not recorded as other support and revenue until allowable expenditures are incurred.

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 the reported amounts of assets, liabilities, net assets, and revenues and expenses for the reporting period. Actual results could differ from those estimates.

Allocation of Expenses

The organization follows the simplified allocation method for shared (indirect cost) as described in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The Cost Allocation Plan is reviewed annually and approved by the Board of Directors as part of the Organization's Fiscal Policies and Procedures. The Cost Allocation plan is reviewed by the Organization's auditors for compliance with applicable laws and regulations. The written cost allocation plan is on file in the organization's main accounting office.

The organization's costs are classified as either Direct or Indirect. Direct costs are those that can be identified with a particular final cost objective, i.e. an award, project, service or other direct program activity of the organization. The organization applies following methods for allocating costs:

Direct Costs: Costs identified 100 percent to a specific program are charged directly to that program.

NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CHILD CARE PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Allocation of Expenses - Continued

Shared Direct Costs: Costs identified to specific multiple programs or activities are shared between the programs benefited.

- Payroll costs are allocated using individual time sheets that report the actual time spent by employees in each program each day.
- Occupancy costs are allocated using the square footage of building space occupied by each program.
- Supply costs are allocated per full-time equivalent employees.

Indirect Costs: Costs that either benefit more than one award or that are necessary for the overall operation of the organization. Indirect costs are allocated based on direct salaries charged to each function.

3. OPERATING TRANSFERS

Operating transfers represent the utilization of unrestricted funds or the Head Start awards to cover program operating deficits and other transfers or restrictions deemed necessary by the Board of Directors.

4. STATE CHILD DEVELOPMENT RESERVES

Child development contractors with the California Department of Education (CDE) are allowed, with prior CDE approval, to maintain a reserve account from earned but unexpended child development contract funds for three types of programs: Center Based, Resource and Referral, and Alternative Payment. Transfers from a reserve account are considered restricted income for child development programs, but may be applied to any of the contracts that are eligible to contribute to that particular program type.

The Organization maintains one reserve account for Center Based, and funds are deposited into an interest bearing account. At June 30, 2017 the reserve account balance was \$653.

5. NUTRITION PROGRAMS

The Organization had one nutrition agreement with CDE for Child and Adult Care Food Programs, as reported in the *Schedule of Expenditures of Federal and State Awards*. However, no nutrition audit report schedules are included in the audit because (1) the audit disclosed no nutrition overpayments, underpayments, or program findings; (2) the Organization did not request reimbursement of audit costs; and (3) the audit is not a program-specific nutrition audit.

NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CHILD CARE PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

6. CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors.

The Organization deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Organization's management is of the opinion that the organization has complied with the terms of all grants.

7. SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to June 30, 2017, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 4, 2017, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

SUPPLEMENTARY INFORMATION

NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CALIFORNIA DEPARTMENT OF EDUCATION
CHILD CARE PROGRAMS
SCHEDULE OF EQUIPMENT EXPENDITURES AND
SCHEDULE OF EXPENDITURES FOR BUILDINGS AND IMPROVEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

	California State Preschool CSPP-6609
<u>Equipment Expenditures</u>	
Unit Cost Under \$7,500:	
Item:	
None	\$ -
Total:	-
Unit Cost over \$7,500 with CDD Approval:	
Item:	
None	-
Total:	-
Unit Cost over \$7,500 without CDD Approval:	
Item:	
None	-
Total:	-
Total Equipment Expenditures:	\$ -
<u>Building Acquisition or Construction (excluding CCFRE)</u>	
Unit Cost Under \$7,500:	
Item:	
None	\$ -
Total:	-
Unit Cost over \$7,500 with CDD Approval:	
Item:	
None	-
Total:	-
Unit Cost over \$7,500 without CDD Approval:	
Item:	
None	-
Total:	-
Total Building Acquisition or Construction:	\$ -

Note: The organization's capitalization threshold is \$5,000, or more.

**NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CALIFORNIA DEPARTMENT OF EDUCATION
CHILD CARE PROGRAMS
SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>California State Preschool CSPP-6609</u>
Unit Cost Under \$10,000 Per Item:	
Item:	
None	\$ -
Total:	-
Unit Cost Over \$10,000 or More Per Item With Prior Written Approval	
Item:	
None	-
Total:	-
Unit Cost Over \$10,000 or More Per Item Without Prior Approval	
Item:	
None	-
Total:	-
Total Renovation and Repair Expenditures	
Total:	<u>\$ -</u>

Note: The organization's capitalization threshold is \$5,000, or more.

**NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CALIFORNIA DEPARTMENT OF EDUCATION
CHILD CARE PROGRAMS
SCHEDULE OF ADMINISTRATIVE COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

	California State Preschool CSPP-6609
Salaries	\$ 21,900
Employee Benefits & Payroll Taxes	5,686
Educational Supplies	60
Services and Other Operating Expenses	4,757
	<u>\$ 32,403</u>

NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CALIFORNIA DEPARTMENT OF EDUCATION
CHILD CARE PROGRAMS
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2017

	California State Preschool CSPP-6609	Head Start Non-Certified Children	CDE Portion CACFP	Head Start Enhancement Funding	Head Start & Early Head Start CACFP	Total
1000 CERTIFIED SALARIES						
1100 Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1200 Administration Salaries	-	-	-	-	-	-
1300 Director of child Care	-	-	-	-	-	-
1900 Other Certified Salaries	-	-	-	-	-	-
2000 CLASSIFIED SALARIES						
2100 Instructional Aides' Salaries	-	133,388	19,298	-	11,826	164,512
2300 Clerical and Other Office Salaries	-	-	-	-	-	-
2400 Maintenance/Operations Salaries	-	-	-	-	-	-
2900 Other Classified Salaries	-	-	-	-	-	-
3000 EMPLOYEE BENEFITS						
3200 Employment Taxes	156,975	41,849	4,312	244,483	4,088	451,707
3300 Social Security (Old Age, Survivor's Disability)	-	-	-	-	-	-
3400 Health and Welfare Benefits	-	-	-	-	-	-
3500 State Unemployment Benefits	-	-	-	-	-	-
3600 Workers Compensation Insurance	-	-	-	-	-	-
3900 Other Benefits	-	-	-	-	-	-
4000 BOOKS, SUPPLIES AND EQUIPMENT						
4200 Books Other than Textbooks	-	-	-	-	-	-
4300 Instructional Materials and Supplies	19,715	5,483	3,033	30,594	5,994	64,819
4500 Other Supplies	-	-	-	-	-	-
4600 Pupil Transportation Supplies	-	-	-	-	-	-
4710 Food	73,345	-	51,894	119,973	45,751	290,963
4790 Other Food Service Supplies	-	-	-	-	-	-
5000 SERVICES/OTHER OPERATING EXPENSES						
5100 Contracts for Personal Services	77,378	11,529	9,402	145,542	7,920	251,771
5200 Travel, Conferences and Other	13,747	-	-	10,935	-	24,682
5300 Dues and Membership	-	-	-	-	-	-
5400 Insurance	19,660	3,593	-	22,589	-	45,842
5500 Utilities and Housekeeping	7,937	10,062	-	11,711	-	29,710
5600 Contracts, Rents and Leases	12,172	4,639	-	21,360	-	38,171
5700 Legal, Election and Audit	-	-	-	-	-	-
5800 Other Services and Operating Expenses	5,450	3,993	-	6,773	-	16,216
6000 CAPITAL OUTLAY						
6400 Equipment (Program-related)	-	-	-	-	-	-
START-UP/CLOSE DOWN EXPENSES	-	-	-	-	-	-
DEPRECIATION	-	-	-	-	-	-
INDIRECT COSTS	-	-	-	-	-	-
TOTAL	\$ 386,379	\$ 214,536	\$ 87,939	\$ 613,960	\$ 75,579	\$ 1,378,393

AUDITED FINAL ATTENDANCE AND FISCAL REPORT FORMS

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

Agency Name: Northern California Child Development, Inc. Vendor No. 52-B704
 Fiscal Year Ended: June 30, 2017 Contract No. CSPP-6609
 Independent Auditor's Name: Vasin, Heyn and Company

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	2,628		2,628	1.0000	2,628.000
Three-quarters-time	904		904	0.7500	678.000
One-half-time	6,993		6,993	0.6196	4,332.863
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	86		86	1.2000	103.200
Three-quarters-time	-		-	0.9000	-
One-half-time	971		971	0.6196	601.632
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	68		68	0.8250	56.100
One-half-time	3,152		3,152	0.6196	1,952.979
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	15		15	1.1000	16.500
Three-quarters-time	-		-	0.8250	-
One-half-time	307		307	0.6196	190.217
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6196	-
TOTAL DAYS OF ENROLLMENT	15,124	-	15,124		10,559.491
DAYS OF OPERATION	241	2	243		
DAYS OF ATTENDANCE	15,009	115	15,124		

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

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

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

Agency Name: Northern California Child Development, Inc. Vendor No. 52-B704

Fiscal Year Ended: June 30, 2017 Contract No. CSPP-6609

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus	-		-	1.6520	-
Full-time	-		-	1.4000	-
Three-quarters-time	-		-	1.0500	-
One-half-time	-		-	0.7700	-
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	-		-	1.0000	-
Three-quarters-time	-		-	0.7500	-
One-half-time	1,729		1,729	0.6196	1,071.288
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	1,219		1,219	0.6196	755.292
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	134		134	0.6196	83.026
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6196	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6196	-
TOTAL DAYS OF ENROLLMENT	3,082	-	3,082		1,909.607

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

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

Agency Name: Northern California Child Development, Inc. Vendor No. 52-B704

Fiscal Year End: June 30, 2017 Contract No. CSPP-6609

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$88,088	(\$149)	\$87,939
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$88,088	(\$149)	\$87,939
Transfer from Reserve - General			0
Transfer from Reserve - CSPP-6609 Professional Development	5,711	0	5,711
Subtotal	\$5,711	\$0	\$5,711
Family Fees for Certified Children	10,476	0	10,476
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))	214,091	445	214,536
Other (Specify):			0
Other (Specify):			0
TOTAL REVENUE	\$318,366	\$296	\$318,662

SECTION IV - REIMBURSABLE EXPENSES			
<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	156,975	0	156,975
2000 Classified Salaries	233,414	(3,350)	230,064
3000 Employee Benefits	121,207	(1,701)	119,506
4000 Books and Supplies	74,076	81	74,157
5000 Services and Other Operating Expenses	158,062	696	158,758
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (<i>program-related</i>)			0
6500 Replacement Equipment (<i>program-related</i>)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$743,734	(\$4,274)	\$739,460
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$32,429	(\$26)	\$32,403

FOR CDE-A&I USE ONLY:

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

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

YES

NO - Explain any discrepancies.

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

YES

NO - Explain any discrepancies.

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

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

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

Agency Name: Northern California Child Development, Inc.

Vendor No. 52-B704

Fiscal Year End: June 30, 2017

Contract No. CSPP-6609

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$612,777	\$5,759	\$618,536
Other (Specify):			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$612,777	\$5,759	\$618,536

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$241,363	\$3,120	\$244,483
2000 Classified Salaries	143,709	1,833	145,542
3000 Employee Benefits	119,233	740	119,973
4000 Books and Supplies	11,157	0	11,076
5000 Services and Other Operating Expenses	97,315	147	97,462
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$612,777	\$5,840	\$618,536

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

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: Northern California Child Development, Inc.
 Fiscal Year End: June 30, 2017 Vendor No. 52-B704
 Independent Auditor's Name: Vasin, Heyn and Company

RESERVE ACCOUNT TYPE (Check One): <input checked="" type="checkbox"/> Center Based <input type="checkbox"/> Resource and Referral <input type="checkbox"/> Alternative Payment	COLUMN A	COLUMN B	COLUMN C
	PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

LAST YEAR:			
1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A)	\$6,344	\$10	\$6,354
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	\$0	\$0	\$0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)			\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$6,344	\$10	\$6,354

THIS YEAR:			
5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)	\$10		\$10
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
CSPP - General			
Contract No.			\$0
Contract No.			0
CSPP - Professional Development			
Contract No. CSPP-6609	\$5,711		\$5,711
Contract No.			0
Subtotal	\$5,711	\$0	\$5,711
Other Contracts			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Subtotal	\$0	\$0	\$0
Total Transferred to Contracts from Reserve Account	\$5,711	\$0	\$5,711
7. Ending Balance on June 30, 2017 (column A must agree with this year's CDFS 9530-A, Section IV)	\$643	\$10	\$653

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

INFORMATION REQUIRED BY THE CALIFORNIA DEPARTMENT OF EDUCATION



VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE



AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Northern California Child Development, Inc. (the Organization)
Red Bluff, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northern California Child Development, Inc., which comprise of the statement of activities as of June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern California Child Development, Inc. financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Vorlein, Hagen + Co.

Calabasas, California
December 4, 2017

**NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CALIFORNIA DEPARTMENT OF EDUCATION
CHILD CARE PROGRAMS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grantors Number</u>	<u>Program or Award Amount</u>	<u>Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Payments to Subrecipients</u>
U.S. Department of Health and Human Service						
Child Care and Development Fund Cluster:						
Passed Through the California Department of Education:						
California State Preschool						
Child Care and Development Block Grant	93.575	CSPP-6609	\$ 13,112	\$ 10,302	\$ 10,302	\$ -
Passed Through the California Department of Education:						
California State Preschool						
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CSPP-6609	<u>28,546</u>	<u>22,428</u>	<u>22,428</u>	<u>-</u>
Total Child Care and Development Fund Cluster:			\$ 41,658	\$ 32,730	\$ 32,730	\$ -
U.S Department of Agriculture						
Passed Through the California State Department of Education:						
Child and Adult Care Food Program	10.558	52-1819-0-J	<u>163,518</u>	<u>163,518</u>	<u>163,518</u>	<u>-</u>
Total U.S. Department of Agriculture:			\$ 163,518	\$ 163,518	\$ 163,518	\$ -
TOTAL FEDERAL EXPENDITURES:			<u>\$ 205,176</u>	<u>\$ 196,248</u>	<u>\$ 196,248</u>	<u>\$ -</u>
STATE FUNDING						
California Department of Education						
Child Development Services:						
California State Preschool						
TOTAL STATE EXPENDITURES:		CSPP-6609	<u>488,659</u>	<u>383,925</u>	<u>383,925</u>	<u>-</u>
TOTAL FEDERAL AND STATE EXPENDITURES:			<u>\$ 693,835</u>	<u>\$ 580,173</u>	<u>\$ 580,173</u>	<u>\$ -</u>

NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CALIFORNIA DEPARTMENT OF EDUCATION
CHILD CARE PROGRAMS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the “Schedule”) includes the federal grant activity of Northern California Child Development, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance as required by the *California Department of Education Audit Guide*. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following 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* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CALIFORNIA DEPARTMENT OF EDUCATION
CHILD CARE PROGRAMS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?

_____ Yes X No

• Significant deficiency(ies) identified?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified?

_____ Yes X No

• Significant deficiency(ies) identified?

_____ Yes X None Reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

CFDA Number(s)

None

Name of Federal Program or Cluster

None

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Note: The Organization did not receive over \$750,000 of federal funds, a Uniform Guidance 2 CFR 200 audit is not necessary. The supplementary schedule is completed to conform to California Department of Education requirements.

Auditee qualified as low-risk auditee?

 X Yes _____ No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

**NORTHERN CALIFORNIA CHILD DEVELOPMENT, INC.
CALIFORNIA DEPARTMENT OF EDUCATION
CHILD CARE PROGRAMS
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND CORRECTIVE ACTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

CURRENT YEAR

2017 Findings:

There were no 2017 findings noted.

2017 Questioned Costs:

There were no 2017 questioned costs noted.

PRIOR YEARS

2016 Findings:

There were no 2016 findings noted.

2016 Questioned Costs:

There were no 2016 questioned costs noted.

2015 Findings:

There were no 2015 findings noted.

2015 Questioned Costs:

There were no 2015 questioned costs noted.