



WCCS

West County Community Services

*Financial Statements with Supplementary Information
and
Independent Auditor's Report
for the year ended June 30, 2022*



PISENTI & BRINKER LLP
Certified Public Accountants & Advisors

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Independent Auditor's Report

To the Board of Directors
West County Community Services
Guerneville, California

Opinion

We have audited the accompanying financial statements West County Community Services ("WCCS"), which comprise the statement of financial position as of June 30, 2022, the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of WCCS as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WCCS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter

As discussed in Note L to the financial statements, net assets as of June 30, 2021, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WCCS's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 WCCS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WCCS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 Auditor's Report (continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023, on our consideration of WCCS'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 solely 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 the effectiveness of WCCS's 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 WCCS's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Puseati & Brinker LLP". The signature is written in a cursive style with a large initial 'P'.

Santa Rosa, California
February 23, 2023

**West County Community Services
Statement of Financial Position**

June 30, 2022

Assets

Current assets

Cash and cash equivalents	\$ 664,051
Grant receivables	1,020,080
Other receivables	42,059
Prepaid expenses	68,136

Total current assets 1,794,326

Property, equipment and improvements, net 417,538

Total assets \$ 2,211,864

Liabilities and net assets

Current liabilities

Accounts payable	\$ 36,752
Accrued compensation	245,808
Deferred revenue	34,797
Tenant deposits	9,901

Total liabilities 327,258

Net assets

Without donor restriction	1,536,829
With donor restriction	347,777

Total net assets 1,884,606

Total liabilities and net assets \$ 2,211,864

See accompanying notes.

**West County Community Services
Statement of Activities**

For the Year Ended June 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
Revenue, gains and other support:			
Federal grant revenue	\$ 8,952,082	\$ -	\$ 8,952,082
Other grant revenue	2,343,847	-	2,343,847
Contributions	330,328	165,000	495,328
Paycheck Protection Program loan forgiveness	327,775	-	327,775
Program fees	242,363	-	242,363
Contract income	171,399	-	171,399
Other income	9,759	-	9,759
Special event income, net of expense \$31,991	5,198	-	5,198
Loss on disposal of property and equipment	(32,988)	-	(32,988)
Total revenue, gains and other support	12,349,763	165,000	12,514,763
Reclassification, net assets released from restrictions	274,101	(274,101)	-
Expenses:			
Program	11,014,022	-	11,014,022
Management and general	630,101	-	630,101
Fundraising	151,592	-	151,592
Total expenses	11,795,715	-	11,795,715
Change in net assets	828,149	(109,101)	719,048
Net assets at beginning of year, as previously reported	527,934	1,148,663	1,676,597
Restatement adjustment (Note L)	180,746	(691,785)	(511,039)
Net assets at beginning of year, restated	708,680	456,878	1,165,558
Net assets at end of year	\$ 1,536,829	\$ 347,777	\$ 1,884,606

See accompanying notes.

**West County Community Services
Statement of Functional Expenses**

For the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total Expenses
Personnel expenses:				
Salaries	\$ 2,252,338	\$ 414,974	\$ 42,177	\$ 2,709,489
Payroll tax and benefits	477,985	92,809	6,327	577,121
	2,730,323	507,783	48,504	3,286,610
Other expenses:				
Participant assistance	7,137,866	-	-	7,137,866
Subcontracted expense	271,842	-	-	271,842
Professional services	132,602	19,167	101,420	253,189
Supplies and equipment	143,588	13,783	-	157,371
Utilities	152,502	-	-	152,502
Rent	85,450	54,189	-	139,639
Reimbursable rent expense	138,828	-	-	138,828
Depreciation and amortization	50,426	-	-	50,426
Telephone	33,985	13,004	-	46,989
Insurance	36,051	4,359	-	40,410
Repairs and maintenance	27,580	129	-	27,709
Travel and transportation	26,729	403	-	27,132
Miscellaneous expense	15,656	2,879	1,668	20,203
Staff training	12,177	6,346	-	18,523
Printing	7,788	3,180	-	10,968
Equipment rent	7,209	-	-	7,209
Advertising and marketing	2,599	837	-	3,436
Bad debt expense	-	2,200	-	2,200
Hospitality	75	1,566	-	1,641
Postage	746	276	-	1,022
	8,283,699	122,318	103,088	8,509,105
	\$ 11,014,022	\$ 630,101	\$ 151,592	\$ 11,795,715

See accompanying notes.

**West County Community Services
Statement of Cash Flows**

For the Year Ended June 30, 2022

	Increase (decrease) in cash
Decrease in cash flows from operating activities	
Change in net assets	\$ 719,048
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	50,426
Loss on disposal of property and equipment	32,988
Paycheck Protection Program loan forgiveness	(327,775)
Increase in operating assets:	
Grants receivable	(327,491)
Other receivables	(9,764)
Prepaid expenses	(44,384)
Increase (decrease) in operating liabilities:	
Accounts payable	3,935
Accrued compensation	31,206
Deferred revenue	(196,386)
Tenant deposits	(1,800)
Net cash used in operating activities	(69,997)
Cash flows from investing activities	
Proceeds from sale of equipment	17,270
Purchase of property and equipment	(57,852)
Net cash used in investing activities	(40,582)
Net decrease in cash	(110,579)
Cash and cash equivalents at beginning of year	774,630
Cash and cash equivalents at end of year	\$ 664,051

See accompanying notes.

Year Ended June 30, 2022

Note A. Nature of Organization

West County Community Services (“WCCS”) is a California nonprofit public benefit corporation whose mission is to strengthen the west Sonoma County community. Established in 1975, WCCS operates a range of human services, including services to senior citizens, people struggling with mental health challenges, at-risk youth and their families, people without homes, and other economically disadvantaged residents. WCCS is both publicly and privately funded, having program contracts with federal, state, and local agencies, as well as individual contributors.

Note B. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and money market accounts. WCCS considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, except when a restriction is imposed that limits the investment's use to long-term. Cash is held in demand accounts at banks and cash balances may exceed the federally insured amounts during the year.

Grant and Other Receivables

Grant and other receivables are stated at the amount management expects to collect from outstanding balances. WCCS uses the allowance method to reserve for uncollectible accounts. Management believes receivables as of June 30, 2022, will be fully collected. Accordingly, no allowance for doubtful receivables is recorded.

Property, Equipment, and Improvements

Property, equipment, and improvements are stated at cost. Depreciation is computed on the straight-line method over useful lives ranging from three to twenty years. Donated property is recorded at the estimated fair value at the date of receipt. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted. In the absence of donor stipulations regarding how long those donated assets must be maintained, WCCS reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Year Ended June 30, 2022

Note B. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

WCCS routinely evaluates the carrying value of its long-lived assets for impairment. The evaluations address the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted net cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment loss is recognized. No asset impairment losses were recorded during the year ended June 30, 2022.

Revenue Recognition and Contributions

WCCS has concluded that revenue from federal and state contracts represent conditional contributions, as defined by Accounting Standards Update (“ASU”) 2018-08. As such, revenue on these contracts is generally recognized as contract-related expenditures are made. Contract-related expenditures are considered the best available measure of performance under the terms of the contract. Deferred revenue represents amounts received where the related performance-related measures have not been met.

Contributions which are not deemed to contain conditions, are recognized when received or upon notice of a commitment of a contribution to be made. These contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets are specifically restricted by the donor. WCCS reports gifts and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Donor restricted contributions whose donor-imposed restrictions are fulfilled or expire within the same reporting period are reported as contributions without donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are not reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current year or is received with permanent donor restrictions.

Donated Services

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the year received. Many individuals volunteer their time and perform a variety of tasks that assist WCCS in support of its programs and fundraising activities; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

Year Ended June 30, 2022

Note B. Summary of Significant Accounting Policies (continued)

Functional Expense Allocation

WCCS allocates operational costs between program services, management and general, and fundraising by utilizing a cost allocation policy that is updated and reviewed annually and approved by the Board of Directors. WCCS applies several methods for allocating costs. Expenses that can be identified with a program are charged directly to that program as direct costs. Costs common to multiple functions have been allocated among the various functions benefited on the basis of usage. Management and general expenses include those costs that are not directly identifiable with the program, but which provide for the overall support and direction of WCCS. These costs are allocated to the functions using a base that results in an equitable distribution. The allocation is reflected in the statement of functional expenses.

Income Taxes

WCCS is a not-for-profit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, WCCS is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption, commonly referred to as unrelated business income. No income tax provision has been recorded for the year ended June 30, 2022, as management determined that WCCS had no unrelated business income.

WCCS is subject to "Accounting for Uncertainty in Income Taxes" under Accounting Standards Codification ("ASC") 740, *Income Taxes*. ASC 740 requires the evaluation of tax positions taken or expected to be taken in WCCS's tax returns and does not allow recognition of tax positions that do not meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. WCCS does not believe it has taken any tax positions that would not meet this threshold. WCCS's policy is to reflect interest and penalties related to uncertain tax positions as part of income tax expense, when and if they become applicable. WCCS's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, federal income tax returns have a three-year statute of limitations, and state income tax returns have a four-year statute of limitations.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, receivables, accounts payable, and accrued expenses, approximate fair value.

Year Ended June 30, 2022

Note B. Summary of Significant Accounting Policies (continued)

Net Assets

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

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of WCCS to meet the stipulations or that become unrestricted at the date specified by the donor or net assets subject to donor-imposed stipulations that are maintained permanently by WCCS. The income from these assets is available for either general operations or specific programs as specified by the donor.

Net assets released from restriction – Net assets with donor restrictions are released to net assets without donor restrictions when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions based on management's knowledge and experience. Those estimates affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue, support, and expenses. The use of management's estimates primarily relates to the collectability of accounts receivable and depreciable lives of property, equipment, and improvements. Actual results could differ from those estimates.

Future Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases* (Topic 842). This standard requires entities that lease assets to recognize on the statement of financial position, the assets and liabilities for the rights and obligations created by those leases. For nonpublic companies the new guidance will be required for annual reporting periods beginning after December 15, 2021, and interim and annual reporting periods after those reporting periods. Nonpublic companies and organizations may elect early application, but no earlier than the effective date for public entities. WCCS is evaluating the impact of this standard on the financial statements.

Year Ended June 30, 2022

Note C. Grant Receivables

Grant receivables represent reimbursements due from the following sources for program costs incurred prior to June 30, 2022:

County of Sonoma	\$ 503,600
Sonoma County Community Development Commission	480,657
Other	35,823
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	\$ 1,020,080

Note D. Property, Equipment and Improvements

Property, equipment and improvements consist of the following as of June 30, 2022:

Land	\$ 21,933
Buildings and improvements	740,156
Vehicles	255,345
Computer equipment	46,171
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	1,063,605
Accumulated depreciation	(646,067)
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	\$ 417,538

Depreciation and amortization expense for the year ended June 30, 2022 amounted to \$50,426.

Note E. Paycheck Protection Program Loan

In May 2020, WCCS received a loan pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (P.L. 116-136) Paycheck Protection Program in the amount of \$327,775. In September 2021, WCCS received notification from the Small Business Administration that the Paycheck Protection Program loan was forgiven. The full amount of the loan is therefore included in income on the statement of activities for the year ended June 30, 2022.

Year Ended June 30, 2022

Note F. Net Assets

Net assets with donor restrictions represent amounts received or committed with donor restrictions, which have not yet been expended for their designated purpose (purpose-restricted) or amounts for general use in future periods (time restricted). Net assets consisted of the following as of June 30, 2022:

With donor restrictions:	
Purpose restricted for specific programs	\$ 347,777
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Without donor restrictions:	
Designated by the Board	59,762
Undesignated	1,477,067
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Total net assets without donor restrictions	1,536,829
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Net assets	\$ 1,884,606

Net assets were released from donor restrictions by incurring expenses that satisfy the restricted purpose or by occurrence of the passage of time or other events specified by the donor. During the year ended June 30, 2022, \$274,101 was released from restriction for specific programs and purchases.

Note G. Commitments and Contingencies

WCCS has multiple operating leases for administrative and program operations, both month-to-month and under long-term, non-cancellable operating lease agreements. The leases expire at various dates through December 2023 and provide for renewal options up to three years.

The leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Rent expense under these leases and various month-to-month leases was \$139,639 for the year ended June 30, 2022.

The minimum future non-cancellable operating lease commitments for property and equipment leases are as follows:

June 30,	
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2023	\$ 117,081
2024	36,000
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	\$ 153,081

WCCS utilizes leased space for use as a homeless shelter under one of its grant programs. WCCS is not contractually obligated under this lease and is reimbursed for related costs by the grantor of the program. Therefore, payments under this lease are excluded from the above schedule of future payments. Total reimbursable rent expense for the year ended June 30, 2022, was \$138,828.

Year Ended June 30, 2022

Note H. Retirement Plan

WCCS maintains a retirement plan under Internal Revenue Code Section 403(b)(7), which allows for its employees to make tax deferred investment contributions. The plan provides for matching contributions equal to 50% of elective deferrals up to 3% of a participant's compensation. WCCS contributed \$25,598 to the plan on behalf of employees for the year ended June 30, 2022.

Note I. Risks and Uncertainties

WCCS receives significant assistance from numerous government agencies in the form of contracts and grants. Any interruption of these funding sources could result in a significant impact on WCCS's operations. Expenditures of these funds require compliance with the agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of WCCS. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of WCCS as of June 30, 2022.

Note J. Liquidity

The following reflects the WCCS's financial assets, reduced by amounts not available for general use within one year. Financial assets are considered unavailable due to donor-imposed restrictions, or when the governing board has set aside funds for internal designations. Amounts available include donor-restricted amounts that will meet purpose or time restriction within the next twelve months from the statement of position date. WCCS operates with a balanced budget and anticipates covering its general expenditures with existing working capital and by maintaining and expanding existing programs and relationships with funders who have provided donations without restrictions and are willing to provide multi-year grants.

As of June 30, 2022

Cash and cash equivalents	\$ 664,051
Grant receivables	1,020,080
Other receivables	42,059
	1,726,190
Less donor imposed purpose restrictions unavailable for general expenditure	(347,777)
	\$ 1,378,413
Less funds unavailable to management without the Board's approval	(59,762)
	\$ 1,318,651

Year Ended June 30, 2022

Note K. Concentrations

WCCS had two grantors that provided 72% and 14% of total revenues for the year ended June 30, 2022. The receivable balances due from those grantors was \$503,600 and \$480,657, respectively, at June 30, 2022.

Note L. Restatement Adjustment

Net assets as of June 30, 2021, has been decreased by \$511,039 to correct errors made in 2021 to conform with GAAP. During the year ended June 30, 2021, revenue was overstated by \$511,039, grants receivable was overstated by \$241,690 and deferred revenue was understated by \$269,349. The cumulative effect of the restatement decreased the change in net assets in the amount of \$511,039 for the year ended June 30, 2021.

Note M. Subsequent Events

WCCS evaluated subsequent events through February 23, 2023, the date which the financial statements were available to be issued.

Supplementary Information

**West County Community Services
Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2022

Federal Grantor / Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Department of Health and Human Services</u>			
Aging Cluster			
Passed through County of Sonoma			
Special Programs for the Aging-Title III	93.044	AA-WCCS-CARES-2021	\$ 18,382
Special Programs for the Aging-Title III	93.044	AA-WCCS-CMSS-2122	37,489
Subtotal Aging Cluster			55,871
Total Department of Health and Human Services			55,871
<u>Department of Transportation</u>			
Transit Services Programs Cluster			
Passed through County of Sonoma			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	AA-WCCS-5310-2022	135,507
Total Transit Services Programs Cluster			135,507
Total Department of Transportation			135,507
<u>Department of the Treasury</u>			
Passed through Sonoma County Community Development Commission			
COVID-19 Emergency Rental Assistance Program	21.023	94-222740	7,681,624
Total Department of the Treasury			7,681,624
<u>Department of Housing and Urban Development</u>			
Passed through Sonoma County Community Development Commission			
COVID-19 Emergency Solutions Grants Program	14.231	20-ESGCV1-00033	34,825
COVID-19 Emergency Solutions Grants Program	14.231	E-20-UW-06-0008	948,000
Subtotal Emergency Solutions Grant Program			982,825
Continuum of Care Program	14.267		96,255
Total Department of Housing and Urban Development			1,079,080
Total expenditures of federal awards			\$ 8,952,082

See accompanying Notes to Schedule of Expenditures of Federal Awards

Note A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes award activity of West County Community Services (“WCCS”), under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 US. 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 WCCS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of WCCS.

Note B. Sub recipients

WCCS provided no federal funds to subrecipients.

Note C. 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The supplementary Schedule of Expenditures of Federal Awards presents financial data in conformity with generally accepted accounting principles.

Note D. Indirect Cost Rate

WCCS uses a 15% indirect cost rate, unless limited by contract to the 10% de minimus cost rate allowed under the Uniform Guidance.