

WEST COUNTY COMMUNITY SERVICES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of West County Community Services (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, 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 evaluation the appropriateness of accounting policies used and 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.



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Opinion

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of West County Community Services as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the West County Community Services' financial statements for the year ended June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 27, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

November 4, 2019

Santa Rosa, CA

WEST COUNTY COMMUNITY SERVICES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(with summarized comparative totals for June 30, 2018)

	2019	2018
ASSETS		
Current assets:		
Cash	\$ 447,345	\$ 278,388
Accounts and grants receivable	444,734	668,920
Other assets	3,887	-
Prepaid expenses	56,272	73,030
Total current assets	952,238	1,020,338
Fixed assets:		
Work in process	43,290	185,562
Building and improvements	752,450	407,139
Vehicles	187,456	143,965
Furniture and equipment	137,364	137,364
Subtotal	1,120,560	874,030
Less accumulated depreciation	(578,355)	(533,794)
Net fixed assets	542,205	340,236
Total assets	\$ 1,494,443	\$ 1,360,574

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(with summarized comparative totals for June 30, 2018)

	2019	2018
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 46,523	\$ 100,434
Accrued expenses	140,242	115,733
Deferred revenue	139,060	197,102
Total current liabilities	325,825	413,269
Net assets:		
Without donor restriction	713,986	397,822
With donor restriction	454,632	549,483
Total net assets	1,168,618	947,305
Total liabilities and net assets	\$ 1,494,443	\$ 1,360,574

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(with summarized comparative totals for the year ended June 30, 2018)

	Without donor restriction	With donor restriction	2019 Total	2018 Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
SUPPORT AND REVENUE:				
Government grants	\$ 2,658,837		\$ 2,658,837	\$ 1,502,362
Private grants	131,386	\$ 20,000	151,386	105,795
Contributions	255,578	195,984	451,562	670,874
Program fees	172,563	-	172,563	163,631
Special events, net of expense \$78,287	79,790	-	79,790	79,015
Investment income	272	-	272	205
Other income	6,466	-	6,466	6,150
Net assets released from restriction	310,835	(310,835)	-	-
Total support and revenue	<u>3,615,727</u>	<u>(94,851)</u>	<u>3,520,876</u>	<u>2,528,032</u>
EXPENSES:				
Program	2,962,806		2,962,806	1,724,993
Management and general	314,857		314,857	260,765
Fundraising	21,900		21,900	19,914
Total operating expense	<u>3,299,563</u>		<u>3,299,563</u>	<u>2,005,672</u>
CHANGE IN NET ASSETS	316,164	(94,851)	221,313	522,360
NET ASSETS, beginning of year	<u>397,822</u>	<u>549,483</u>	<u>947,305</u>	<u>424,945</u>
NET ASSETS, end of year	<u>\$ 713,986</u>	<u>\$ 454,632</u>	<u>\$ 1,168,618</u>	<u>\$ 947,305</u>

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(with summarized comparative totals for the year ended June 30, 2018)

	Program	Management and General	Fundraising	2019 Total	2018 Total
Salaries and wages	1,699,530	\$174,558	\$10,472	\$ 1,884,560	\$ 1,175,207
Payroll tax and benefits	317,782	9,793	1,728	329,303	200,373
Rent	89,687	6,716	-	96,403	95,837
Utilities	81,044	-	-	81,044	81,554
Professional services	24,671	28,237	9,700	62,608	53,676
Printing	9,330	1,056	-	10,386	5,032
Postage	2,055	15	-	2,070	1,880
Telephone	35,569	-	-	35,569	33,079
Supplies and equipment	40,555	5,855	-	46,410	40,022
Travel and transportation	30,702	692	-	31,394	15,633
Insurance	23,364	1,569	-	24,933	22,016
Depreciation and amortization	38,501	6,060	-	44,561	24,226
Advertising and marketing	4,747	4,587	-	9,334	4,106
Hospitality	2,452	909	-	3,361	3,830
Equipment lease/maintenance	2,932	-	-	2,932	1,178
Participant assistance	466,609	62,544	-	529,153	184,628
Staff training	13,010	80	-	13,090	3,763
Repairs and maintenance	55,286	7,387	-	62,673	30,065
Interest expense	-	-	-	-	453
Subcontracted expense	24,980	-	-	24,980	24,724
Miscellaneous expense	-	4,799	-	4,799	4,390
Total expenses	<u>\$ 2,962,806</u>	<u>\$ 314,857</u>	<u>\$ 21,900</u>	<u>\$ 3,299,563</u>	<u>\$ 2,005,672</u>

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(with summarized comparative totals for the year ended June 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 221,313	\$ 522,360
Adjustments to reconcile change in net assets to cash from operations:		
Depreciation and amortization	44,561	24,226
(Increase) decrease in:		
Grants receivable	224,186	(545,161)
Prepaid expenses	12,871	(42,584)
Increase (decrease) in:		
Accounts payable and accrued expenses	(29,402)	133,645
Deferred revenue	(58,042)	79,420
Total cash provided by operations	415,487	171,906
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(246,530)	(260,772)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	-	(24,734)
NET CHANGE IN CASH	168,957	(113,600)
CASH, beginning of year	278,388	391,988
CASH, end of year	\$ 447,345	\$ 278,388
Supplemental information:		
Cash paid for interest	\$ -	\$ 453

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 ORGANIZATION

West County Community Services (Agency) is a community-based nonprofit organization established in 1975 for the purpose of improving the Sonoma County community with a range of human services, principally to senior citizens, at risk youth and their families, and to economically disadvantaged residents. The Agency provides the following services to the Sonoma County community: basic survival services including food to low income families, housing assistance, counseling and support services to high risk youth and their families including alternative activities such as recreation programs; prevention and intervention of substance abuse; independent living skills including case management, nutrition programs and activities for seniors; employment training, vocational training and job placement services to youth and adults on public assistance; and support services for community projects. Funding is received from federal, state, county, and local grants, as well as donations from the community.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Agency reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – 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.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Agency to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

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

Other Basis of Presentation Policies – Revenues or support are reported as increases in net assets without donor restriction unless subject to donor-imposed restrictions. If temporary restrictions are fulfilled in the same time period the revenue or support is received, the Agency reports the revenue or support as unrestricted. Expenses are reported as decreases in net assets without restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restriction unless restricted by explicit donor stipulation or by law.

WEST COUNTY COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents – Cash equivalents consist primarily of money market accounts and other investments with an original maturity of 90 days or less. Interest rates per annum are .02 to .05 percent.

Concentrations of Credit Risk – Financial instruments that potentially subject the Agency to concentrations of credit risk consist primarily of cash and cash equivalents. Throughout the year, the Agency may maintain cash and cash equivalent balances at various financial institutions in excess of the \$250,000 insurance per account holder as provided by FDIC. At June 30, 2019, the balance over the FDIC limit is \$148,613.

Grants receivable – Grants receivables are stated at the amount management expects to collect from outstanding balances. Allowances for non-payment of receivables are provided based on management's estimates. Management believes receivables at June 30, 2019 will be fully collected. Accordingly, no allowance for doubtful receivables is recorded.

Property and equipment – The Agency capitalizes all expenditures for property and equipment in excess of five thousand dollars. Property and equipment are stated at cost or, if donated, at fair value at date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset, with useful lives of five to twenty years.

Income Taxes – The Agency is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Agency is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Agency considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Agency's status as a not-for-profit entity. Management believes the Agency met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Agency's tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

WEST COUNTY COMMUNITY SERVICES
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Allocation Methodology – Costs that benefit more than one program are allocated on the basis of usage.

Donated Services and Items – Many people have contributed amounts of time and inventory to the activities of the Agency without compensation. The financial statements do not reflect the value of those contributed services and items because no reliable basis exists for determining an appropriate value.

Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparison purposes to conform to the presentation in the current year financial statements.

Summarized Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

NOTE 3 LIQUIDITY

The following reflects the Agency's financial assets as of June 30, 2019 that are available for operations. The Agency's restrictions come from donor restricted funds based on time and program.

Financial assets at year end	
Cash and cash equivalents	\$ 447,345
Grants receivable	444,734
Less financial assets with donor restrictions	<u>(454,632)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 437,447</u>

WEST COUNTY COMMUNITY SERVICES
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 4 GRANTS RECEIVABLE

Grants receivable consists of the following at June 30, 2019:

Partnership Health Care	\$ 211,691
County of Sonoma	126,015
Sonoma County Community Development Commissic	25,723
Various Sonoma County School Districts	23,730
Department of Rehabilitation	13,916
Other	43,659
Total	\$ 444,734

NOTE 5 ACCUMULATED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Agency. The value of accrued vacation at June 30, 2019 is \$51,956.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Agency since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenses in the period sick leaves are taken.

NOTE 6 LEASE COMMITMENTS

Building lease commitments – The Agency conducts administrative and program operations at various leased facilities and is committed to the following lease agreements:

The Agency leases space in Guerneville for administrative and program services commencing January 2019 and terminating December 2023. Monthly rent is \$3,500.

The Agency leases space in Santa Rosa for counseling services under a month to month lease. Monthly rent is \$550.

WEST COUNTY COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 LEASE COMMITMENTS, continued

Building lease commitments, continued – The Agency leases space in Santa Rosa for senior peer counseling on an annual lease commencing January 2019. Monthly rent is \$45.

The Agency leases space at the Veteran’s Hall for four to five months of the year for the Winter Shelter. Monthly rent is \$6,750.

The Agency leases space at the Guerneville Community Church for the Empowerment Center. Monthly rent is \$1,311. The Agency left the location in March 2019 due to the flooding. The lease was re-established September 2019 at \$700 a month including utilities.

The Agency leases program space at Pine Glade for \$1,250 for one person or \$1,550 for two people. The lease commenced August 2016 and terminates July 2018.

The Agency began leasing program space at Melody for \$3,100 per month. The lease commenced December 2016 and terminates July 2018.

The Agency leases senior dining space on an annual lease that is \$750 per year.

The Agency leases program space on a lease that originated September 2019 and terminates June 2019. Monthly rent is \$365.

The Agency paid leases for clients as part of a rapid rehousing project subsequent to flooding the program area in March 2019. Rents varied depending on the need.

Total rent expense for the year ended June 30, 2019 was \$130,309.

The Agency also leases a copier. The copier costs \$183 a month. The lease originated February 2019 and terminates February 2023. Total cost for capital leases for the year ended June 30, 2019 is \$2,200.

Future minimum lease payments as of June 30 are as follows:

2020	\$ 75,972
2021	57,701
2022	65,201
2022	70,467
2023	36,000

WEST COUNTY COMMUNITY SERVICES
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

The Agency has net assets with donor restrictions at June 30, 2019:

Partnership Health Care	\$ 143,703
Bob Burke's Kids	137,838
Flood funds	38,060
Senior assistance	37,500
Crisis support	31,806
Senior dining	25,000
Training and supervision	20,725
Project Nourish	20,000
Total	\$ 454,632

NOTE 8 RETIREMENT PLAN

The Agency maintains a contributory retirement plan available for its employees which allows participants to make tax deferred investment contributions. The plan qualifies under the provision of Section 403(b) of the Internal Revenue Code. The Agency contributed \$12,931 to the plan on behalf of employees for the year ended June 30, 2019.

NOTE 9 CHANGE IN ACCOUNTING PRINCIPLE

The financial statements have been changed to adopt ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional which will impact the timing of revenue recognition. This change has been applied to both the current year and the prior year summarized information.

NOTE 10 SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through November 20, 2019, the date the financial statements were available to be issued and determined that there were no events occurring subsequent to June 30, 2019, that would have a material impact on the Agency's results of operations or financial position.