

WEST COUNTY COMMUNITY SERVICES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2018

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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, 2018, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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 respects, the financial position of West County Community Services as of June 30, 2018, 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, 2017, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

December 27, 2018

Santa Rosa, CA

WEST COUNTY COMMUNITY SERVICES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

(with summarized comparative totals for June 30, 2017)

	2018	2017
ASSETS		
Current assets:		
Cash	\$ 278,388	\$ 391,988
Accounts and grants receivable	668,920	123,759
Prepaid expenses	73,030	30,446
Total current assets	1,020,338	546,193
Fixed assets:		
Work in process	185,562	7,820
Building and improvements	407,139	407,139
Vehicles	143,965	60,935
Furniture and equipment	137,364	137,364
Subtotal	874,030	613,258
Less accumulated depreciation	(533,794)	(509,568)
Net fixed assets	340,236	103,690
Total assets	\$ 1,360,574	\$ 649,883

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(with summarized comparative totals for June 30, 2017)

	2018	2017
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 100,434	\$ 13,646
Accrued expenses	115,733	68,876
Deferred revenue	197,102	117,682
Current portion of notes payable	-	14,801
Total current liabilities	413,269	215,005
Non-current liabilities:		
Notes payable, net of current portion	-	9,933
Total liabilities	413,269	224,938
Net assets:		
Without donor restriction	397,822	97,382
With donor restriction	549,483	327,563
Total net assets	947,305	424,945
Total liabilities and net assets	\$ 1,360,574	\$ 649,883

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(with summarized comparative totals for the year ended June 30, 2017)

	Without donor restriction	With donor restriction		2018 Total	2017 Total
		Temporary	Permanent		
SUPPORT AND REVENUE:					
Government grants	\$ 1,502,362			\$ 1,502,362	\$ 1,139,935
Private grants	38,795	\$ 67,000		105,795	111,621
Contributions	207,982	462,892		670,874	180,984
Program fees	163,631	-		163,631	64,932
Special events, net of expense \$75,859	79,015	-		79,015	65,728
Investment income	205	-		205	88
Other income	6,150	-		6,150	2,400
Net assets released from restriction	307,972	(297,972)	(10,000)	-	-
Total support and revenue	<u>2,306,112</u>	<u>231,920</u>	<u>(10,000)</u>	<u>2,528,032</u>	<u>1,565,688</u>
EXPENSES:					
Program	1,724,993			1,724,993	1,229,982
Management and general	260,765			260,765	219,799
Fundraising	19,914			19,914	21,681
Total operating expense	<u>2,005,672</u>			<u>2,005,672</u>	<u>1,471,462</u>
CHANGE IN NET ASSETS	300,440	231,920	(10,000)	522,360	94,226
NET ASSETS, beginning of year	<u>97,382</u>	<u>317,563</u>	<u>\$ 10,000</u>	<u>424,945</u>	<u>330,719</u>
NET ASSETS, end of year	<u>\$ 397,822</u>	<u>\$ 549,483</u>	<u>\$ -</u>	<u>\$ 947,305</u>	<u>\$ 424,945</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, 2018
(with summarized comparative totals for the year ended June 30, 2017)

	Program	Management and General	Fundraising	2018 Total	2017 Total
Salaries and wages	\$ 1,011,072	\$ 155,108	\$ 9,027	\$ 1,175,207	\$ 973,002
Payroll tax and benefits	155,281	42,612	2,480	200,373	145,223
Rent	87,742	8,095	-	95,837	103,341
Utilities	81,266	288	-	81,554	16,831
Professional services	24,957	20,312	8,407	53,676	35,757
Printing	3,074	1,958	-	5,032	9,161
Postage	1,854	26	-	1,880	2,486
Telephone	28,738	4,341	-	33,079	20,814
Supplies and equipment	29,981	10,041	-	40,022	21,638
Travel and transportation	14,759	874	-	15,633	12,320
Insurance	20,430	1,586	-	22,016	23,201
Depreciation and amortization	18,978	5,248	-	24,226	19,908
Advertising and marketing	4,068	38	-	4,106	867
Hospitality	1,854	1,976	-	3,830	3,062
Equipment lease/maintenance	1,178	-	-	1,178	140
Participant assistance	184,628	-	-	184,628	60,592
Staff training	3,207	556	-	3,763	3,147
Repairs and maintenance	27,598	2,467	-	30,065	15,220
Interest expense	-	453	-	453	3,351
Subcontracted expense	19,938	4,786	-	24,724	1,401
Miscellaneous expense	4,390	-	-	4,390	-
Total expenses	<u>\$ 1,724,993</u>	<u>\$ 260,765</u>	<u>\$ 19,914</u>	<u>\$ 2,005,672</u>	<u>\$ 1,471,462</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, 2018
(with summarized comparative totals for the year ended June 30, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 522,360	\$ 94,226
Adjustments to reconcile change in net assets to cash from operations:		
Depreciation and amortization	24,226	19,908
(Increase) decrease in:		
Accounts receivable	-	(1,617)
Grants receivable	(545,161)	30,806
Prepaid expenses	(42,584)	(10,836)
Increase (decrease) in:		
Accounts payable and accrued expenses	133,645	(19,838)
Deferred revenue	79,420	(1,875)
Total cash provided by operations	171,906	110,774
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(260,772)	(7,822)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(24,734)	(21,769)
NET CHANGE IN CASH	(113,600)	81,183
CASH, beginning of year	391,988	310,805
CASH, end of year	\$ 278,388	\$ 391,988
Supplemental information:		
Cash paid for interest	\$ 453	\$ 3,351

The accompanying notes are an integral part of these financial statements

WEST COUNTY COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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, 2018, the balance over the FDIC limit is \$25,319.

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, 2018 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, 2018

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, 2017, from which the summarized information was derived.

NOTE 3 LIQUIDITY

The following reflects the Agency's financial assets as of June 30, 2018 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	\$ 278,388
Accounts and grants receivable	668,920
Less financial assets with donor restrictions	<u>(549,483)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 397,825</u>

WEST COUNTY COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 GRANTS RECEIVABLE

Grants receivable consists of the following at June 30, 2018:

Partnership Health Care	\$ 319,000
Crisis Counseling Program	142,320
Crisis Counseling Program	82,314
Goodwill Industires of the Redwood Empire	38,237
Empowerment Center	20,676
Other	67,202
Total	<u>\$ 669,749</u>

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, 2018 is \$50,401.

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 month-to-month lease agreements.

The Agency leases space in Guerneville for administrative and program services commencing July 1, 2016 and terminating June 30, 2018. Monthly rent is \$2,250.

The Agency leases space in Santa Rosa for counseling services under an annual lease. Monthly rent is \$500.

WEST COUNTY COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 LEASE COMMITMENTS, continued

Building lease commitments, continued – The Agency leases space in Santa Rosa for senior peer counseling on a month to month lease commencing January 2016. Monthly rent is \$100.

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 leases space at the Sebastopol Community Center for the Diversion Program. Monthly rent is \$350.

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 November 2018.

Total rent expense for the year ended June 30, 2018 was \$95,838.

The Agency also leases two copiers. The first copier costs \$753 a month. The lease originated July 2014 and terminates June 2018. The second copier costs \$183 a month. The lease originated February 2018 and terminates February 2023. Total cost for capital leases for the year ended June 30, 2018 is \$9,951.

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

2019	\$ 24,536
2020	9,036
2021	9,036
2022	9,036
2023	1,281

WEST COUNTY COMMUNITY SERVICES
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 6 LEASE COMMITMENTS, continued

Capital lease commitments – A capital lease was obtained in July 2014 for a vehicle. The lease was initially for \$28,096 with monthly payments of \$753, which includes principal and simple interest at 7.2 percent. The lease matures July 2018. The lease is paid off at June 30, 2018.

A capital lease was obtained in May 2015 for a telephone system. The lease was initially for \$21,248 with monthly payments of \$412, which includes principal and interest at 6.5 percent. The lease matures May 2019. The lease is paid off at June 30, 2018.

NOTE 7 NET ASSETS WITH TEMPORARY RESTRICTIONS

The Agency has net assets with temporary restrictions at June 30, 2018:

Crisis Counseling	\$ 257,823
Bob Burke's Kids	139,985
Russian River Senior Center kitchen	10,000
Homeless Housing Support Program	15,655
Park Village Homeless Housing Project	85,120
Other programs	40,900
Total	<u>\$ 549,483</u>

NOTE 8 NET ASSETS WITH PERMANENT RESTRICTIONS

Net assets with permanent restrictions are a donation for the Claire Carr fund which is held in a cash account. The funds were released during the year ended June 30, 2018.

NOTE 9 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.

WEST COUNTY COMMUNITY SERVICES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE

The Agency has adopted ASU 2014-06 effecting a change in the presentation of the financial statement, using new terminology and including additional footnote disclosures.

NOTE 11 SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through December 27, 2018, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2018, that would have a material impact on the Agency's results of operations or financial position