

# **BUILDING FAMILIES**

## **FINANCIAL REPORT**

**June 30, 2020**

## CONTENTS

OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2-3
FINANCIAL STATEMENTS	
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8-14
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	15-16
SCHEDULE OF FINDINGS	17

## OFFICIALS

Name	Member	County
Sarah Tillman	Chairperson	Wright
Aaron Olson	Vice Chairperson	Humboldt
Susan Schmitz	Member	Hamilton
Dan Campidilli	Member	Hamilton
Erik Underberg	Member	Humboldt
Amy Donahe	Member	At Large
Amanda Lau	Member	Humboldt
Dean Kluss	Member	Wright
McKinley Bailey	Executive Director	



**SCHNURR & COMPANY, LLP**  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Building Families  
Clarion, IA

**Report on the Financial Statements**

We have audited the accompanying financial statements of Building Families (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Building Families as of June 30, 2020, and the change 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.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2021 on our consideration of Building Families' 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 Building Families' 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 Building Families internal control over finance reporting and compliance.

*Schnur & Company, LLP*

Fort Dodge, Iowa  
March 27, 2021

## BUILDING FAMILIES

### STATEMENT OF FINANCIAL POSITION

June 30, 2020

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#### ASSETS

Cash	\$	247,602
Beneficial interest in assets held by a Community Foundation		127,042
Accounts receivable		19,005
Prepaid expenses		<u>1,811</u>
<b>Total assets</b>	\$	<u><u>395,460</u></u>

#### LIABILITIES AND NET ASSETS

Accounts payable	\$	36,287
Accrued vacation		8,119
Deferred revenue		<u>77,362</u>
<b>Total liabilities</b>		<u>121,768</u>

#### Net Assets

##### Without donor restrictions:

Designated by the Board for endowment	94,846
Undesignated	<u>146,650</u>
	241,496

##### With donor restrictions:

Purpose restriction	6,696
Perpetual in nature	<u>25,500</u>
<b>Total net assets</b>	<u>32,196</u>
	<u>273,692</u>

#### **Total liabilities and net assets**

\$ 395,460

See Notes to Financial Statements.

## BUILDING FAMILIES

### STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Grants	\$ 521,825	\$ -	\$ 521,825
Investment income	1,523	(301)	1,222
Miscellaneous revenue	32,213	-	32,213
	<u>555,561</u>	<u>(301)</u>	<u>555,260</u>
Expenses:			
Program services expense:			
School Ready	327,234	-	327,234
Early Childhood	67,405	-	67,405
Community Adolescent Pregnancy Prevention	79,063	-	79,063
Parent Connection	32,550	-	32,550
	<u>506,252</u>	<u>-</u>	<u>506,252</u>
Supporting services expense:			
Management and general	37,891	-	37,891
	<u>544,143</u>	<u>-</u>	<u>544,143</u>
<b>Change in net assets</b>	11,418	(301)	11,117
Net assets, beginning of year	<u>230,078</u>	<u>32,497</u>	<u>262,575</u>
Net assets, end of year	<u>\$ 241,496</u>	<u>\$ 32,196</u>	<u>\$ 273,692</u>

See Notes to Financial Statements.

## **BUILDING FAMILIES**

### **STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended June 30, 2020**

		<b>Program</b>	
	<b>School Ready</b>	<b>Early Childhood</b>	<b>Community Adolescent Pregnancy Prevention</b>
Salaries, payroll taxes and benefits	\$ 103,312	\$ -	\$ 72,067
Services provided	203,147	67,405	4,162
Professional fees	-	-	-
Travel	437	-	2,157
Other	20,338	-	677
	<u>\$ 327,234</u>	<u>\$ 67,405</u>	<u>\$ 79,063</u>

See Notes to Financial Statements.



**Services**

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<b>Parent Connection</b>	<b>Total</b>	<b>Management and General</b>	<b>Total</b>
\$ 30,824	\$ 206,203	\$ 4,275	\$ 210,478
-	274,714	-	274,714
-	-	3,450	3,450
1,508	4,102	-	4,102
218	21,233	30,166	51,399
<hr/>			
\$ 32,550	\$ 506,252	\$ 37,891	\$ 544,143
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## BUILDING FAMILIES

### STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2020

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Cash Flows from Operating Activities:	
Increase in net assets	\$ 11,117
Adjustment to reconcile increase in net assets to net cash provided by operating activities:	
Net realized and unrealized loss on investment transactions	2,886
Effect of changes in:	
Accounts receivable	17,580
Prepaid expenses	(1,811)
Accounts payable	5,797
Accrued vacation	1,646
Deferred revenue	11,245
	<hr/>
<b>Net cash provided by operating activities</b>	<b>48,460</b>
	<hr/>
Cash Flows from Investing Activities:	
Purchase of investments	(1,697)
	<hr/>
<b>Net cash (used in) investing activities</b>	<b>(1,697)</b>
	<hr/>
Cash Flows from Financing Activities:	
Decrease in checks written in excess of available bank balance	(14,579)
	<hr/>
<b>Net cash (used in) financing activities</b>	<b>(14,579)</b>
	<hr/>
<b>Net increase in cash</b>	<b>32,184</b>
Cash:	
Beginning	215,418
	<hr/>
Ending	\$ 247,602
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See Notes to Financial Statements.

## BUILDING FAMILIES

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Summary of Significant Accounting Policies and Nature of Activities**

**Nature of activities:** Building Families (the Organization) is an Iowa corporation which was organized as a nonprofit corporation under the provisions of Chapter 504A of the Code of Iowa. Building Families is the early childhood initiative in Hamilton, Humboldt, and Wright Counties. In the summer of 1999, Building Families developed an early childhood plan that addresses the needs of children aged 0-5. The plan establishes a continuum of services that enhances healthy children, provides children the necessary components to be ready to succeed in school, develops safe and supportive communities, secure and nurturing families and secure and nurturing child care environments. The Organization's revenue is primarily from the Iowa Department of Human Services and Iowa Department of Education.

#### **A summary of the Organization's significant accounting policies follows:**

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments: Beneficial interest in assets held by a Community Foundation consist of assets managed by the Community Foundation of Greater Des Moines and consist of investments in a long-term growth portfolio. Beneficial interest in assets held by a Community Foundation are reported at fair value as determined using quoted market prices. Investment income or loss is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

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

*Net assets without donor restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an endowment.

*Net assets with donor restrictions:* Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net asset with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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 restrictions.

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies and Nature of Activities (Continued)

#### Significant accounting policies (continued)

Contributions and donor restricted funds: The Organization reports gifts of cash 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 statement of activities as net assets released from restrictions. Contributions not restricted by donors are recorded as net assets without donor restrictions.

Revenue recognition and deferred revenue: Grant revenues are recognized in income as funds are expended for the purpose designated by the related grants. Therefore, deferred revenue consists of grant funds received, but not yet expended. Miscellaneous and other revenue is recognized as earned.

Functional allocation of expenses: The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes: The Organization is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income tax has been made in the financial statements.

Subsequent events: Subsequent events have been evaluated through March 27, 2021, which is 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.

### Note 2. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 247,602
Accounts receivable	19,005
	<u>\$ 266,607</u>

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of \$94,846 is subject to an annual spending rate of 5.0 percent. Although the board doesn't intend to spend from the board-designated endowment, these amounts could be made available, if necessary.

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Economic Dependency

The Organization received 94% of its revenue and support from government agencies that included the Iowa Department of Health and Iowa Department of Education.

### Note 4. Leases

The Organization leases office space in Clarion, Iowa, under a noncancelable lease which expired June 30, 2020. The lease called for monthly payments of \$600. Total lease expense under all operating leases for the year ended June 30, 2020 was \$7,200.

### Note 5. Early Childhood

The Organization is the fiscal agent for School Ready Children Services and Early Childhood Program funds for Hamilton, Humboldt and Wright counties. The following financial data is for the year ended June 30, 2020:

	Early Childhood Fund	School Ready Fund	Total
Additions:			
State of Iowa grants:			
Early childhood	\$ 67,582	\$ -	\$ 67,582
Quality improvement	-	51,562	51,562
Allocation for administration	3,557	10,346	13,903
Other grant programs	-	283,175	283,175
<b>Total State of Iowa grants</b>	71,139	345,083	416,222
Interest	451	1,357	1,808
<b>Total additions</b>	71,590	346,440	418,030
Deductions:			
Program services:			
Early childhood	67,405	-	67,405
Quality improvement	-	50,090	50,090
Other program services	-	277,144	277,144
<b>Total program services</b>	67,405	327,234	394,639
Administration	3,268	8,878	12,146
<b>Total deductions</b>	70,673	336,112	406,785
Net change	917	10,328	11,245
Deferred revenue, beginning of year	10,507	55,610	66,117
Deferred revenue, end of year	\$ 11,424	\$ 65,938	\$ 77,362

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Investments

Investments are stated at fair value and are summarized as follows:

	Cost or Donated Value	June 30, 2020 Fair Value	Unrealized (Loss)
Beneficial interest in assets held by a Community Foundation	\$ 127,884	\$ 127,042	\$ (842)

FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, establishes a three-tier fair value hierarchy, which categorizes the inputs used in measuring fair value. These categories include:

*Level 1*, defined as unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities;

*Level 2*, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and

*Level 3*, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2020.

*Beneficiary interest in assets held by a Community Foundation* – These investments are valued at the pro-rata share of the Community Foundation's investment portfolio. This diversified portfolio of global stocks, fixed income and alternative investments through indexed funds is allocated approximately 70% equity and 30% fixed income and alternative investments. The unobservable inputs are the underlying assets in the Community Foundation and follow their investment policy.

Assets itemized below were measured at fair value as follows at June 30, 2020:

	2020			
	Fair Value	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by a Community Foundation	\$ 127,042	\$ -	\$ -	\$ 127,042

## NOTES TO FINANCIAL STATEMENTS

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### Note 6. Investments (Continued)

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the year ended June 30, 2020:

	<b>Beneficial Interest in Assets Held by a Community Foundation</b>
Beginning balance	\$ 128,231
Investment income	(1,189)
<b>Ending balance</b>	<b>\$ 127,042</b>

### Note 7. Endowment Funds

Building Families endowment consists of individual gifts established to fund and support the mission of Building Families. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments.

The Board of Directors of Building Families has interpreted UPMIFA, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Building Families retains in perpetuity (a) the original value of gift amounts, (b) the original value of subsequent gift amounts, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained into perpetuity are subject to appropriation for expenditure by Building Families in a manner consistent with the standard of prudence prescribed by UPMIFA. Further, the governing board has internally designated a portion of the unrestricted net assets as a board-designated endowment.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) duration and preservation of the various funds, (2) the purpose of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources to Building Families, and (7) Building Families' policy pertaining to the investment and distribution of endowment funds.

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Endowment Funds (Continued)

As of June 30, 2020, the following endowment net asset composition by type of fund:

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Board-designated endowment funds	\$ 94,846	\$ -	\$ 94,846
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	25,500	25,500
	<u>\$ 94,846</u>	<u>\$ 25,500</u>	<u>\$ 120,346</u>

Building Families has adopted an investment management policy for endowment assets. The investment management policy sets forth that the responsibility for investment management of endowed funds has been delegated by contract, solely to the Community Foundation of Greater Des Moines. The Community Foundation of Greater Des Moines and its Board of Directors have adopted a Statement of Investment Policy providing direction for the investment of endowed funds.

The underlying investment policy of the endowment fund is within the objective of achieving long-term asset appreciation. The investment policy establishes an achievable return objective through diversification of asset classes. The current performance expectation of the endowment fund's assets is a long-term, total rate of return on assets that is equal to or in excess of a 5% spending rate, anticipated inflation, investment management fees, administrative costs, and a growth factor as established from time to time. The target rate of return for the fund's investment assets is based on the assumption that future real returns will approximate or exceed the indexed rates of return experience for each asset class. To satisfy the long-term rate-of-return objectives, a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) is relied upon. A diversified asset allocation is targeted and it places an emphasis on fixed income, equity, and alternative investments to achieve its long-term return objectives within prudent risk parameters.

Changes in endowment net assets for the year ended June 30, 2020 is as follows:

	<b>2020</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 95,734	\$ 25,500	\$ 121,234
Investment return, net	(888)	-	(888)
Endowment net assets, end of year	<u>\$ 94,846</u>	<u>\$ 25,500</u>	<u>\$ 120,346</u>



## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	<b>2020</b>
Subject to expenditure for specific purpose:	
Building Families mission	\$ <b>6,696</b>
Endowments:	
Subject to endowment spending policy and appropriation:	
Building Families mission	<u>          <b>25,500</b></u>
Endowment net assets, net of year	<u><u>    <b>\$      32,196</b></u></u>

### Note 9. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are reflected in the statement of functional expenses. Salaries, payroll taxes and employee benefits are allocated on the basis of estimates of time and effort.



**SCHNURR & COMPANY, LLP**  
**Certified Public Accountants and Consultants**

**INDEPENDENT AUDITOR'S 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  
Building Families:

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 Building Families (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, the related statements of activities and cashflows for the year then ended, and the related notes to financial statements and have issued our report thereon dated March 27, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control we consider to be a material weakness.

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 Organization'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, which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings and Questioned Costs as Item 2020-001 (II-A-20) to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Building Families' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters required to be reported under Government Auditing Standards.

## **Building Families' Responses to the Findings**

Building Families' responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Building Families' responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **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.

*Schnur & Company, LLP*

Fort Dodge, Iowa  
March 27, 2021

## BUILDING FAMILIES

### Schedule of Findings Year ended June 30, 2020

#### **Part I: Summary of the Independent Auditor's Results:**

- a. Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- b. A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statement.
- c. The audit did not disclose any non-compliance which is material to the financial statements.

#### **Part II: Findings Related to the Financial Statements:**

##### **INTERNAL CONTROL DEFICIENCIES**

2020-001 Financial Reporting  
(II-A-20)

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the District's financial statements.

Condition – Discrepancies were noted in the final grant reports submitted for School Ready and Early Childhood Funds.

Cause – Certain prior year adjustments were not made to the financial statements, which cause some expense accounts to be overstated.

Effect – Lack of policies and procedures resulted in Organization officials not detecting that prior year-end adjustments were not recorded in the financial statements. As a result, adjustments to the Organization's financial statements were necessary.

Recommendation – The Organization should implement procedures to ensure all year-end adjustments are recorded in the financial statements.

Response – We will double check these in the future to avoid missing any unrecorded transactions.

Conclusion – Response accepted.