



Consolidated Financial Statements

December 31, 2020

California Alliance of Child and Family Services

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Independent Auditors' Report

To the Board of Directors
California Alliance of Child and Family Services

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of California Alliance of Child and Family Services (a non-profit organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstance, 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of California Alliance of Child and Family Services as of December 31, 2020, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2021, on our consideration of California Alliance of Child and Family Services internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Organizations' internal control over financial reporting and compliance.

Gilmore & Associates LLP

San Mateo, California
June 15, 2021

California Alliance of Child and Family Services

Consolidated Financial Statement of Position

December 31, 2020
(With Comparative Totals at December 31, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash	\$ 311,472	\$ 197,314
Accounts receivable, net	155,279	56,270
Other receivables	-	38,053
Investments	1,248,476	1,232,010
Prepaid expenses	18,222	28,283
	<u>1,733,449</u>	<u>1,551,930</u>
Property and equipment, net	<u>25,315</u>	<u>20,415</u>
Total assets	<u>\$ 1,758,764</u>	<u>\$ 1,572,345</u>
Current liabilities		
Accounts payable	\$ 7,480	\$ 10,496
Accrued vacation	67,821	37,704
Other accrued expenses	12,799	35,297
Deferred revenue	162,967	169,859
Total liabilities	<u>251,067</u>	<u>253,356</u>
Net assets		
Without donor restrictions	1,465,697	1,318,989
With donor restrictions	42,000	-
	<u>1,507,697</u>	<u>1,318,989</u>
Total liabilities and net assets	<u>\$ 1,758,764</u>	<u>\$ 1,572,345</u>

See accompanying notes.

California Alliance of Child and Family Services

Consolidated Financial Statement of Activities

**Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)**

	2020			
	Without Restrictions	With Restrictions	Total	2019
Revenue and support				
Membership dues	\$ 1,514,805	\$ -	\$ 1,514,805	\$ 1,446,665
Training and conferences	247,550	-	247,550	361,798
Contributions				
Contract services revenue	593,695	-	593,695	-
Contributions and grants	-	122,000	122,000	-
Investment return, net	116,596	-	116,596	230,911
Other revenue	6,291	-	6,291	15,208
Net assets released from restrictions	80,000	(80,000)	-	-
	2,558,937	42,000	2,600,937	2,054,582
Expenses				
Program services	1,686,654	-	1,686,654	1,494,586
Management and general	668,895	-	668,895	489,267
Fundraising expenses	56,680	-	56,680	69,839
	2,412,229	-	2,412,229	2,053,692
Changes in net assets	146,708	42,000	188,708	890
Net assets, beginning of year	1,318,989	-	1,318,989	1,318,099
Net assets, end of year	\$ 1,465,697	\$ 42,000	\$ 1,507,697	\$ 1,318,989

See accompanying notes.

California Alliance of Child and Family Services

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	<u>Program Services</u>							
	<u>Advocacy</u>	<u>Training</u>	<u>Member Services</u>	<u>Catalyst Center Services</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll								
Salaries and wages	\$ 287,175	\$ 224,044	\$ 112,860	\$ 357,228	\$ 981,307	\$ 343,385	\$ 29,097	\$ 1,353,789
Employee benefits	58,725	45,815	23,079	6,863	134,482	70,220	5,950	210,652
Payroll taxes	23,066	17,995	9,065	21,001	71,127	27,581	2,337	101,045
Total payroll costs	<u>368,966</u>	<u>287,854</u>	<u>145,004</u>	<u>385,092</u>	<u>1,186,916</u>	<u>441,186</u>	<u>37,384</u>	<u>1,665,486</u>
Operations								
Member conferences	65,852	51,375	25,880	-	143,107	78,741	6,672	228,520
Professional services	27,696	21,607	10,885	79,405	139,593	33,117	2,806	175,516
Training programs	1,669	1,302	656	-	3,627	1,996	169	5,792
Occupancy	18,327	14,298	7,203	-	39,828	21,915	1,857	63,600
Staff travel	9,674	7,548	3,802	-	21,024	11,568	980	33,572
Equipment rental and maintenance	3,384	2,640	1,330	-	7,354	4,047	343	11,744
Committees	2,593	2,023	1,019	-	5,635	3,102	263	9,000
Board of Directors	865	675	340	-	1,880	1,034	88	3,002
Telecommunications	6,218	4,851	2,444	-	13,513	7,435	630	21,578
Dues and subscriptions	35,572	27,752	13,980	-	77,304	42,535	3,604	123,443
Public relations	2,552	1,991	1,003	-	5,546	3,051	259	8,856
Merchant fees	3,243	2,530	1,274	-	7,047	3,877	329	11,253
Business insurance	3,142	2,451	1,235	-	6,828	3,756	318	10,902
Office supplies	4,421	3,449	1,737	6,486	16,093	5,286	448	21,827
Depreciation	1,731	1,350	680	-	3,761	2,071	175	6,007
Postage and shipping	469	366	184	-	1,019	560	48	1,627
Bad debt expense	-	-	-	-	-	-	-	-
Miscellaneous	3,027	2,362	1,190	-	6,579	3,618	307	10,504
Total operations	<u>190,435</u>	<u>148,570</u>	<u>74,842</u>	<u>85,891</u>	<u>499,738</u>	<u>227,709</u>	<u>19,296</u>	<u>746,743</u>
Total expenses	<u>\$ 559,401</u>	<u>\$ 436,424</u>	<u>\$ 219,846</u>	<u>\$ 470,983</u>	<u>\$ 1,686,654</u>	<u>\$ 668,895</u>	<u>\$ 56,680</u>	<u>\$ 2,412,229</u>

See accompanying notes.

California Alliance of Child and Family Services

Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services						
	Advocacy	Training	Member Services	Total	Management and General	Fundraising	Total Expenses
Payroll							
Salaries and wages	\$ 272,293	\$ 94,092	\$ 334,930	\$ 701,315	\$ 229,581	\$ 32,771	\$ 963,667
Employee benefits	54,344	18,779	66,845	139,968	45,820	6,541	192,329
Payroll taxes	21,538	7,443	26,493	55,474	18,160	2,592	76,226
Total payroll costs	348,175	120,314	428,268	896,757	293,561	41,904	1,232,222
Operations							
Member conferences	83,917	28,998	103,221	216,136	70,753	10,100	296,989
Professional services	46,655	16,122	57,388	120,165	39,337	5,615	165,117
Training programs	4,982	1,721	6,127	12,830	4,200	600	17,630
Occupancy	16,813	5,810	20,681	43,304	14,176	2,024	59,504
Staff travel	22,366	7,729	27,511	57,606	18,857	2,692	79,155
Equipment rental and maintenance	3,139	1,085	3,861	8,085	2,647	378	11,110
Committees	5,169	1,786	6,359	13,314	4,359	622	18,295
Board of Directors	5,536	1,913	6,809	14,258	4,668	666	19,592
Telecommunications	4,447	1,537	5,471	11,455	3,750	535	15,740
Dues and subscriptions	11,242	3,885	13,829	28,956	9,479	1,353	39,788
Public relations	3,508	1,212	4,315	9,035	2,957	422	12,414
Merchant fees	4,498	1,554	5,533	11,585	3,794	541	15,920
Business insurance	3,370	1,164	4,145	8,679	2,840	406	11,925
Office supplies	5,180	1,790	6,371	13,341	4,368	623	18,332
Depreciation	1,530	529	1,882	3,941	1,291	184	5,416
Postage and shipping	275	95	339	709	233	33	975
Bad debt expense	3,776	1,305	4,645	9,726	3,184	454	13,364
Miscellaneous	5,709	1,973	7,022	14,704	4,813	687	20,204
Total operations	232,112	80,208	285,509	597,829	195,706	27,935	821,470
Total expenses	\$ 580,287	\$ 200,522	\$ 713,777	\$ 1,494,586	\$ 489,267	\$ 69,839	\$ 2,053,692

See accompanying notes.

California Alliance of Child and Family Services

Consolidated Statement of Cash Flows

Year Ended December 31, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 188,708	\$ 890
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,007	5,416
Gain (realized and unrealized) on investments	(20,366)	(171,409)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(99,009)	31,287
Other receivables	38,053	44,853
Prepaid expenses	10,061	3,796
Increase (decrease) in:		
Accounts payable	(3,016)	(62,829)
Accrued vacation	30,117	(26,217)
Accrued other	(22,498)	(47,537)
Deferred revenue	<u>(6,892)</u>	<u>47,559</u>
Net cash provided (used) by operating activities	121,165	(174,191)
Cash flows from investing activities		
Purchase of property and equipment	(10,907)	(1,922)
Purchase of investments, including short term liquid investments	(386,209)	(197,434)
Proceeds from sale of investments	<u>390,109</u>	<u>238,057</u>
Net cash provided (used) by investing activities	<u>(7,007)</u>	<u>38,701</u>
Net increase (decrease) in cash	114,158	(135,490)
Cash, beginning of year	<u>197,314</u>	<u>332,804</u>
Cash, end of year	<u><u>\$ 311,472</u></u>	<u><u>\$ 197,314</u></u>

See accompanying notes.

California Alliance of Child and Family Services

Notes to Consolidated Financial Statements

December 31, 2020

Note 1 - Organization and Summary of Significant Accounting Policies

The Organization – California Alliance of Child and Family Services (“the Alliance”) is a nonprofit mutual benefit corporation representing child and family service organizations throughout California. The Alliance’s primary program activities are member advocacy, executive support conferences and other opportunities for training and professional development in accordance with regulatory and organizational standards. The Alliance’s member agencies provide adoption, foster family, family-based, behavioral health, residential care, and special education, and prevention services for dependent, neglected, abused, emotionally troubled, and delinquent children and their families.

Children’s Services Foundation (“the Catalyst Center”) is a nonprofit public benefit corporation organized and operated exclusively for charitable purposes in California. The Catalyst Center’s primary purpose is formed to provide education and training, research, sharing of resources and research findings, provide technical assistance, and promulgate standards and establish guidelines for best practice, all with the primary goal of improved services to children and families.

Principles of consolidation – The accompanying consolidated financial statements include the accounts of the Alliance and the Catalyst Center. The Alliance and the Catalyst Center are under the common control of the Alliance’s Board of Directors. All significant intercompany accounts have been eliminated in consolidation.

Basis of accounting – The consolidated financial statements are prepared on the accrual basis of accounting. Accordingly, the Alliance’s net assets are reported as unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of presentation – The Alliance classifies its net assets for accounting and reporting purposes into two classes, according to externally imposed restrictions:

Net assets without restrictions - Net assets that are not subject to donor-imposed stipulations, which represent the expendable resources that are available for operations at management’s discretion.

Net assets with restrictions - Net assets subject to donor-imposed stipulations. These include both restrictions that can be fulfilled by actions of the Alliance pursuant to those stipulations or that expire by the passage of time, and donor-imposed stipulations that are to be maintained permanently by the Alliance. Generally, the donors of assets with permanent restrictions permit the Alliance to use all or part of the income earned on the assets.

California Alliance of Child and Family Services

Notes to Consolidated Financial Statements

December 31, 2020

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Accounts receivable - The Alliance uses the allowance method in order to reserve for potential uncollectible accounts receivable. Allowance for doubtful accounts at December 31, 2020 was \$2,176.

Investments - The Alliance values its investments at fair value. Gains and losses (including investments bought, sold, and held during the year) are reflected in the consolidated statement of activities as gain (loss) on investments. Short term highly liquid bank deposits held in investment accounts and not used for operations are treated as investments.

Fair value measurements - Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

- Level 1 inputs – unadjusted quoted prices on active markets for identical assets
- Level 2 inputs – observable inputs other than quoted prices for identical assets
- Level 3 inputs – estimates using the best information available when there is little or no market

The Alliance is required to measure certain investments at fair value. The Alliance uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Alliance measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Property and equipment - Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment.

Revenue recognition

Membership dues - The Alliance satisfies performance obligation and records membership dues revenue ratably over the life of the one-year membership term, as members simultaneously receive and consume the benefits of the membership. The management believes that recognizing performance obligation over time is a best measure of progress toward complete satisfaction of the membership performance obligation. These arrangements give rise to contract liabilities (deferred revenue). Contract liabilities are recognized as revenue as performance obligations are satisfied.

California Alliance of Child and Family Services

Notes to Consolidated Financial Statements

December 31, 2020

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Training and conference fees - In addition to membership dues income, the Alliance provides training and conferences for its members. The training and conference fees are recognized as revenue at the point the events are held, when ownership risk and rewards are transferred to the members. Training and conference fees paid in advance are recorded as deferred revenue.

Contributions revenue – Unconditional contributions are recognized as revenue in the period received. Conditional contributions – that is, those with measurable performance of other barriers and a right of return – are not recognized until the conditions on which they depend have been met. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Government grants and contracts - Government grants and contracts that serve the general public are treated as conditional contributions if they include a barrier and a right of return or a right of release of the promisor's obligation. Revenue is recognized when a specific barrier is overcome (when performance goals are met or qualifying expenditures are incurred). Conditional contributions received in advance are accounted for as refundable advances until the conditions have been substantially met.

The Alliance reports cash contributions 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Donated services - Donated services are recognized as contributions if the services (a) create or enhance financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Alliance.

Income taxes - The Alliance and the Foundation are exempt from taxation under Internal Revenue Code Section 501(c)(6) and 501(c)(3), respectively, and California Revenue and Taxation Code Section 23701(d).

Cost allocation - The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, indirect costs have been allocated among the programs and supporting services on a basis proportionate to direct staff time or other method which best measures the relative degree of benefit.

California Alliance of Child and Family Services

Notes to Consolidated Financial Statements

December 31, 2020

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Subsequent events - Management has evaluated subsequent events through June 15, 2021, the date on which the financial statements were available to be issued.

Use of estimates - The preparation of consolidated financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative totals - The consolidated financial statements include certain prior-year summarized comparative information in total but not by net assets 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 Alliance's consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Accounting pronouncements adopted On December 1, 2020, the Alliance adopted FASB ASU 2018-08, Non-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which requires that the Alliance evaluate whether transactions should be accounted for as contributions or exchange transactions, and determined whether a contribution is conditional. Under this pronouncement, government contracts and grants are considered contributions if they primarily benefit the general public. Adoption did not result in any significant changes in the way the Alliance recognizes contribution revenue.

Note 2 - Investments

As of December 31, 2020, investments consist of the following:

Equities	1,158,848
Bank deposits	89,628
\$	<u>1,248,476</u>

Investment return is shown on the statement of activities net of investment expenses.

California Alliance of Child and Family Services

Notes to Consolidated Financial Statements

December 31, 2020

Note 3 - Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2020, are as follows:

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Equities	\$ <u>1,158,848</u>	\$ <u>1,158,848</u>

Note 4 - Property and Equipment

As of December 31, 2020, property and equipment consist of the following and are depreciated over their estimated useful lives:

Equipment	Life 3-8	\$ 81,401
Accumulated depreciation and amortization		<u>(56,086)</u>
		\$ <u>25,315</u>

Note 5 – Restrictions on Net Assets

Net assets with donor restrictions consists of the following for the year ended December 31, 2020,

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Released from Restriction</u>	<u>Ending Balance</u>
New Venture Fund	\$ -	\$ 50,000	\$ (50,000)	\$ -
Genentech	-	42,000	-	42,000
Walter S. Johnson Foundation	-	30,000	(30,000)	-
Total net assets	\$ <u>-</u>	\$ <u>122,000</u>	\$ <u>(80,000)</u>	\$ <u>42,000</u>

California Alliance of Child and Family Services

Notes to Consolidated Financial Statements

December 31, 2020

Note 6 – Revenue Recognition and Deferred Revenue

The timing of revenue recognition for membership dues and conferences and training fees, and related billings and cash collections, results in billed accounts receivable and deferred revenue (contract liabilities) on the Statement of Financial Position. The table below shows the activity in deferred membership dues and training and conferences fees paid in advance for the year ended December 31, 2020:

	Deferred Membership Dues	Training and Conference Fees	Total Deferred Revenue
	<u> </u>	<u> </u>	<u> </u>
Balance as of December 31, 2019	\$ 90,514	\$ 79,345	\$ 169,859
Previously deferred revenue recognized	(90,514)	(79,345)	(169,859)
Cash received	1,587,258	168,205	1,755,463
Current revenue recognized	<u>(1,424,291)</u>	<u>(168,205)</u>	<u>(1,592,496)</u>
Balance as of December 31, 2020	\$ <u>162,967</u>	\$ <u>-</u>	\$ <u>162,967</u>

Note 7 - Information Regarding Liquidity and Availability

The Alliance strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the Alliance’s financial assets as of December 31, 2020. Amounts not available may include board designated funds, which if the need arises could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

Financial assets at year end:	
Cash and cash equivalents	\$ 311,472
Investments	1,248,476
Accounts receivable	<u>155,279</u>
	1,715,227
Less amounts not available to be used within one year	
Net assets with donor restrictions	<u>(42,000)</u>
Financial assets available to meet cash needs for	
general expenditures within one year	\$ <u>1,673,227</u>

California Alliance of Child and Family Services

Notes to Consolidated Financial Statements

December 31, 2020

Note 8 - Retirement Plans

The Alliance participates in a defined contribution profit-sharing plan under IRC 401(k). All employees age twenty-one and older who have completed one year of service are eligible to participate in the plan. Participants may contribute up to 15% of their compensation. The Alliance contributes 10% of compensation to each participant's account in the plan regardless of the participant's voluntary contribution. Employer's contributions under this plan for the year ended December 31, 2020 were \$101,934. Participants' accounts are fully vested from the date of participation in the plan.

The Alliance has a 457(b) Eligible Deferred Compensation Plan for its Executive Director and Associate Executive Director. There were no contributions to the Plan for the ended December 31, 2020.

Note 9 - Concentration of Credit Risk

Credit risk

The Alliance maintains cash balances and money market accounts at various financial institutions, which are FDIC insured up to the limits allowed by law. At times such balances may exceed the insurance limit. The Alliance has not experienced any losses in such accounts, and management believes the Alliance is not exposed to any significant credit risk related to cash.

Major customers

As of December 31, 2020, contract revenue from one government agency accounted for approximately \$290,000 or 11% of total revenue. At December 31, 2020, the accounts receivable due from this agency was approximately \$42,000 or 27% of total receivable balance.

Note 10 - Commitments

The Alliance leases their facility under an operating lease. The lease calls for monthly lease payments of \$4,000 through January 2021 after which payment rises to \$4,040. The lease expires in January 2022.

California Alliance of Child and Family Services

Notes to Consolidated Financial Statements

December 31, 2020

Note 10 - Commitments (continued)

Future minimum payments under this lease consists of the following:

<u>Year ending December 31</u>	
2021	\$ 48,440
2022	4,040
	<hr/>
	\$ 52,480
	<hr/> <hr/>

Rent expense for all operating leases, which includes year-to-year leases, for the year ended December 31, 2020, was \$63,600.

Note 11 – Uncertainty due to COVID-19

The Alliance adapted its operations so that a majority of its services are provided remotely. Management believes that the adaptive changes in operations along with current resources will be sufficient to protect the Organization from the near-term negative impact related to the COVID-19 pandemic. The extent to which the pandemic may impact the Alliance's operations remains uncertain.

In addition, the pandemic has had a broad impact on commerce and financial markets around the world. The United States and global markets experienced significant volatility resulting from uncertainty caused by the pandemic. The Alliance is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of this volatility.

Supplementary Information



**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

**To the Board of Directors
California Alliance of Child and Family Services**

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 consolidated financial statements of California Alliance of Child and Family Services (the "Alliance"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Alliance's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alliance's internal control.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

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COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Gilmore & Associates LLP

San Mateo, California
June 15, 2021