



*Report of Independent Auditors and
Financial Statements with Supplementary Information*

Marjaree Mason Center, Inc.

September 30, 2017 and 2016



Table of Contents

REPORT OF INDEPENDENT AUDITORS	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	5
Statement of Activities.....	6
Statement of Changes in Net Assets	7
Statement of Functional Expenses	8
Statements of Cash Flows	9
Notes to Financial Statements	10
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards.....	22
Notes to the Schedule of Expenditures of Federal Awards	23
SINGLE AUDIT REPORTS	
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	25
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	27
Schedule of Findings and Questioned Costs.....	30
Summary Schedule of Prior Audit Findings	33
OTHER INFORMATION	
Combining Schedule of Revenue, Support, and Expenses.....	35

Report of Independent Auditors

To the Board of Directors
Marjaree Mason Center, Inc.
Fresno, California

Report on the Financial Statements

We have audited the accompanying financial statements of Marjaree Mason Center, Inc., a nonprofit organization, which comprise the statement of financial position as of September 30, 2017, the related statements of activities, changes in net assets, 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 Marjaree Mason Center, Inc. as of September 30, 2017, 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 Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Comparative Financial Statements

We have previously audited Marjaree Mason Center, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

The combining schedule of revenue, support, and expenses has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated March 13, 2018, on our consideration of Marjaree Mason Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Marjaree Mason Center, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marjaree Mason Center, Inc.'s internal control over financial reporting and compliance.

Handwritten signatures of three individuals in cursive script, appearing to be 'M', 'A', and 'W'.

Fresno, California
March 13, 2018

Financial Statements

Marjaree Mason Center, Inc.
Statements of Financial Position
September 30, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 34,027	\$ 254,975
Certificates of deposit	207,334	207,152
Investments in marketable securities	1,514,938	1,327,112
Grants receivable, net	959,235	889,878
Pledges receivable	131,368	14,205
Other receivables	27,822	92,110
Prepaid expenses	104,679	70,998
Deposits	38,274	82,167
Total current assets	3,017,677	2,938,597
PROPERTY AND EQUIPMENT, net	2,925,340	3,043,351
CONSTRUCTION IN PROGRESS	8,195	800
BENEFICIAL INTEREST IN PERPETUAL TRUSTS	182,598	173,466
DEPOSITS	64,036	-
	\$ 6,197,846	\$ 6,156,214
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 65,835	\$ 67,926
Accrued expenses	376,236	310,572
Deferred revenue	101,940	122,251
Total current liabilities	544,011	500,749
LONG-TERM DEBT	1,000,000	1,000,000
Total liabilities	1,544,011	1,500,749
NET ASSETS		
Permanently restricted	182,598	173,466
Temporarily restricted	470,117	645,210
Unrestricted	4,001,120	3,836,789
Total net assets	4,653,835	4,655,465
	\$ 6,197,846	\$ 6,156,214

Marjaree Mason Center, Inc.**Statement of Activities****Year Ended September 30, 2017****with Summarized Financial Information for Year Ended September 30, 2016**

				Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted	2017	2016
REVENUES, GAINS, AND OTHER SUPPORT					
Grants and contracts	\$ 3,789,276	\$ -	\$ -	\$ 3,789,276	\$ 2,991,439
Contributions	552,333	348,301	-	900,634	1,003,856
In-kind donations	139,599	-	-	139,599	218,498
Special events	283,266	-	-	283,266	327,773
Program fees	335,374	-	-	335,374	284,580
Legacies and bequests	8,615	-	-	8,615	-
Unrealized gain in fair value of investments	89,168	-	-	89,168	104,390
Unrealized gain in fair value of perpetual trusts	-	-	9,132	9,132	8,356
Interest and dividend income	191	-	-	191	280
	<u>5,197,822</u>	<u>348,301</u>	<u>9,132</u>	<u>5,555,255</u>	<u>4,939,172</u>
Total revenues, gains, and other support					
NET ASSETS RELEASED FROM FROM RESTRICTIONS					
Restrictions satisfied by payment of related expenses	<u>523,394</u>	<u>(523,394)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>5,721,216</u>	<u>(175,093)</u>	<u>9,132</u>	<u>5,555,255</u>	<u>4,939,172</u>
Total revenues, gains, and other support after net assets released from restrictions					
EXPENSES					
Program services	4,697,751	-	-	4,697,751	4,086,709
Supporting services	657,327	-	-	657,327	504,845
Fundraising	194,415	-	-	194,415	247,819
	<u>5,549,493</u>	<u>-</u>	<u>-</u>	<u>5,549,493</u>	<u>4,839,373</u>
Total expenses					
Change in net assets	<u>\$ 171,723</u>	<u>\$ (175,093)</u>	<u>\$ 9,132</u>	<u>\$ 5,762</u>	<u>\$ 99,799</u>

Marjaree Mason Center, Inc.
Statement of Changes in Net Assets
Year Ended September 30, 2017

with Summarized Financial Information for Year Ended September 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2017	2016
Net assets, beginning of year	\$ 3,836,789	\$ 645,210	\$ 173,466	\$ 4,655,465	\$ 4,588,685
Change in net assets	171,723	(175,093)	9,132	5,762	99,799
Contribution of grant funded assets	50,072	-	-	50,072	25,834
Depreciation on grant funded assets	(57,464)	-	-	(57,464)	(58,853)
Net assets, end of year	\$ 4,001,120	\$ 470,117	\$ 182,598	\$ 4,653,835	\$ 4,655,465

Marjaree Mason Center, Inc.
Statement of Functional Expenses
Year Ended September 30, 2017
with Summarized Financial Information for Year Ended September 30, 2016

	Program	Supporting	Fundraising	Total	
				2017	2016
Accounting and legal	\$ 10,277	\$ 18,840	\$ -	\$ 29,117	\$ 102,905
Advertising	34,825	385	3,595	38,805	11,363
Bad debt expense	35,932	-	-	35,932	-
Bank charges	70	1,153	-	1,223	661
Computer services	29,797	4,863	558	35,218	38,239
Conferences, conventions, and meetings	65,179	6,010	44,631	115,820	142,698
Depreciation	167,893	28,450	1,720	198,063	193,039
Donated services and supplies	130,809	4,155	-	134,964	235,160
Dues and subscriptions	3,319	-	1,859	5,178	7,375
Employee benefits	585,776	63,467	7,295	656,538	607,750
Equipment rental, repairs, and maintenance	237,955	42,213	37,710	317,878	292,639
Food	19,838	691	-	20,529	8,171
Insurance	30,405	13,035	-	43,440	52,662
Interest	-	30,000	-	30,000	30,000
Miscellaneous	768	748	-	1,516	1,940
Office expense	17,510	14,149	1,621	33,280	27,410
Printing	10,506	1,379	17,138	29,023	21,189
Professional fees	94,546	7,261	10,592	112,399	112,724
Program supplies	421,873	5,545	7,203	434,621	260,943
Rent	117,239	-	9,629	126,868	105,125
Salaries	2,512,847	373,841	50,344	2,937,032	2,399,799
Security	10,086	2,911	-	12,997	7,723
Taxes and licenses	5,911	641	-	6,552	1,513
Utilities	154,390	37,590	520	192,500	178,345
	<u>\$ 4,697,751</u>	<u>\$ 657,327</u>	<u>\$ 194,415</u>	<u>\$ 5,549,493</u>	<u>\$ 4,839,373</u>

Marjaree Mason Center, Inc.
Statements of Cash Flows
Year Ended September 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,762	\$ 99,799
Adjustment to reconcile change in net assets to net used in operating activities:		
Depreciation	198,063	193,039
Bad debt expense	35,932	-
Unrealized gain in fair value of investments	(89,168)	(104,392)
Unrealized gain in fair value of perpetual trusts	(9,132)	(8,356)
Change in operating assets and liabilities:		
Change in grants receivable	(105,289)	(402,249)
Change in other receivables	(52,875)	(28,985)
Change in prepaid expenses	(33,681)	53,422
Change in deposits	(20,143)	(10,226)
Change in accounts payable	(2,091)	3,739
Change in accrued expenses	65,664	47,883
Change in deferred revenue	(20,311)	11,067
	(27,269)	(145,259)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for construction in progress	(90,253)	(13,686)
Purchase of property and equipment	(4,586)	(10,214)
Purchases of investments	(100,000)	-
Proceeds from sale of investments	1,342	100,000
Purchases of certificates of deposit	(207,334)	(207,152)
Maturities of certificates of deposit	207,152	206,894
	(193,679)	75,842
Net cash provided by (used in) investing activities	(193,679)	75,842
Net change in cash and cash equivalents	(220,948)	(69,417)
CASH AND CASH EQUIVALENTS, beginning of year	254,975	324,392
CASH AND CASH EQUIVALENTS, end of year	\$ 34,027	\$ 254,975
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Contribution of grant funded assets	\$ 50,072	\$ 25,834
Depreciation on grant funded assets	\$ 57,464	\$ 58,853
In-kind contributions	\$ 139,599	\$ 218,498

Marjaree Mason Center, Inc.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – Marjaree Mason Center, Inc. (the “Organization”), a California nonprofit corporation, operates shelters for victims of domestic violence and their children and provides counseling, education, and other related services in Fresno County and surrounding areas. The Organization receives funding for its programs and operations from a variety of governmental and community sources, including, but not limited to, the City of Fresno, the County of Fresno, U.S. Department of Housing & Urban Development, California Office of Emergency Services, and First 5 of Fresno County.

The following are the significant accounting policies of the Organization:

Basis of presentation – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

Unrestricted – Unrestricted net assets generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions (fundraising expenses), and performing administrative functions. The Organization had unrestricted net assets of \$4,001,120 and \$3,836,789 at September 30, 2017 and 2016, respectively.

Temporarily restricted – Gifts of cash and other assets are temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulated time restriction expires or the purpose of the 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. At September 30, 2017 and 2016, the Organization had temporarily restricted net assets of \$470,117 and \$645,210, respectively.

Permanently restricted – Permanently restricted net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets. The Organization had permanently restricted net assets of \$182,598 and \$173,466 at September 30, 2017 and 2016, respectively.

Method of accounting – The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

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 disclosure 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.

Cash and cash equivalents – For purposes of reporting the statement of cash flows, the Organization considers cash accounts, money market funds and certificates of deposits with original maturities of 3 months or less to be cash equivalents. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

During the year ended September 30, 2017, the Organization acquired two certificates of deposit from two financial institutions totaling \$207,334, which are covered under the same FDIC coverage. At September 30, 2017 and 2016, the Organization did not have any uninsured cash balances.

Investments in marketable securities – Investments in marketable securities consist primarily of publicly traded mutual funds and common stock and are recorded at fair value. These investments are covered by the Securities Investor Protection Corporation up to \$500,000 (including \$250,000 of cash). Investment income and unrealized gains and losses are reported in the statement of activities.

Grants receivable – The Organization utilizes the allowance of accounting for and reporting uncollectible or doubtful accounts. Management determines the allowance for doubtful accounts based on an analysis of specific customers, taking into consideration the age of the past due accounts and an assessment of the customer's ability to pay. At September 30, 2017 and 2016, the allowance for doubtful accounts was \$5,000 and \$0, respectively. Grants receivable are written off when deemed uncollectible. Recoveries of grants receivable previously written off are recorded as income when received.

The Organization grants credit to its customers, substantially all of which are government agencies (federal, state, and local) and generally requires no collateral from its customers.

Contributions and promises to give – Unconditional contributions, including promises to give at estimated net realizable value, are recognized as revenue in the period received. The Organization reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Promises to give at September 30, 2017 and 2016 amounted to \$131,368 and \$14,205, respectively, and are considered to be fully collectible within one year.

Property and equipment – According to the Organization's policy, property and equipment acquisitions over \$2,500 are capitalized. Purchased property and equipment is capitalized at cost, donated property and equipment is recorded at fair value. The Organization does not imply restrictions on the use of contributed property and equipment received without donor stipulations. Expenditures that increase the life of the related assets are capitalized. Repairs and maintenance, including planned major maintenance activities, are charged to operations when incurred. Leasehold improvements are depreciated over the lesser of the remaining lease agreement or the estimated useful life.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	5 – 40 years
Furnishings, equipment, and vehicles	5 – 10 years

Property and equipment purchased with federal funds is subject to various usage, maintenance, and disposition provisions of the Office of Management and Budget Circular A-110, as well as any additional provisions established by the funding agency.

Deferred revenue and refundable advances – Deferred revenue represents special event revenues received by the Organization in advance of the event's occurrence and grant monies billed but not yet received or earned. Refundable advances represent grant monies received by the Organization, but not yet spent or earned.

Marjaree Mason Center, Inc.

Notes to Financial Statements

In-kind contributions – Contributions of noncash assets are utilized by the Organization in providing services and are recorded at their fair values in the period received. Contributions of noncash assets received for fundraising events (such as catering, entertainment, etc.) are not recorded in the accompanying financial statements. In addition, contributions of noncash assets to be sold at fundraising events by the Organization are recorded at the time of sale. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

A number of unpaid volunteers have made significant contributions of their time to the Organization. However, the value of these services is not reflected in the accompanying financial statements because generally accepted accounting principles do not allow for the recognition of nonspecialized services. The values of professional services provided by trained volunteers are recorded in the accompanying financial statements (see Note 12).

Advertising costs – Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. For the years ended September 30, 2017 and 2016, advertising costs expensed amounted to \$38,805 and \$11,363, respectively; no costs were capitalized.

Exchange transactions – Revenues earned from contracts and grants with county, state, and federal agencies are considered exchange transactions. Revenue from exchange transactions are reported gross of any related expense in the accompanying financial statements.

Allocation of expenses – The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses. During the year, such costs are accumulated into separate groupings as either “direct” or “indirect.” Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit, such as square footage, hours worked, and employee headcount. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fundraising expenses – Costs of acquiring or applying for a contract or grant are categorized as indirect expenses and not separately stated as fundraising expenses. Fundraising expenses are expensed as incurred. Revenue from fundraising events is recognized in the period in which the event takes place.

Income taxes – The Organization is a tax-exempt corporation under section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income.

Uncertain tax positions – The Organization recognizes the effect of income tax provisions only if those positions are more likely than not of being sustained. The Organization does not believe its financial statements include any uncertain tax positions.

The federal and state income tax returns of the Organization have not been examined by the respective taxing authorities. Federal income tax returns for the years subsequent to 2012 are open for examination. State income tax returns for the years subsequent to 2013 are open to examination.

Marjaree Mason Center, Inc.
Notes to Financial Statements

Summarized comparative information – The accompanying financial statements include certain prior year comparative information in summarized form, without net asset class detail. 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 Organization’s financial statements for the prior year ended September 30, 2017, from which the summarized information was derived.

Subsequent events – Subsequent events are events or transactions that occur after the statements of financial position date, but before financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position, but arose after the statements of financial position date and before financial statements are issued. The Organization has evaluated subsequent events through March 13, 2018, which is the date the financial statements were available to be issued.

NOTE 2 – GRANTS RECEIVABLE

Grants receivable consisted of the following at September 30:

	2017	2016
California Office of Emergency Services	\$ 431,249	\$ 208,866
City of Fresno	152,493	186,550
U.S. Department of Housing and Urban Development	108,573	177,516
County of Fresno	20,372	102,008
County Department of Social Services	137,301	47,375
First 5 of Fresno County	38,393	38,989
Fresno Sheriff’s Department	11,651	33,101
Fresno County EOC	12,929	28,845
Department of Justice	10,311	24,968
Medi-Cal	14,797	16,630
County CDBG	10,081	10,791
Victims of Crime	5,781	7,770
Superior Courts of Fresno	9,287	6,469
FEMA	1,017	-
	964,235	889,878
Less allowance for doubtful accounts	(5,000)	-
	\$ 959,235	\$ 889,878

Marjaree Mason Center, Inc.
Notes to Financial Statements

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30:

	<u>2017</u>	<u>2016</u>
Building and land improvements	\$ 4,721,525	\$ 4,584,010
Leasehold improvements	618,332	618,332
Equipment	388,244	388,244
Buildings	660,387	660,387
Furniture and fixtures	148,222	148,222
Vehicles	134,523	134,523
Land	<u>29,064</u>	<u>29,064</u>
	6,700,297	6,562,782
Less accumulated depreciation	<u>(3,774,957)</u>	<u>(3,519,431)</u>
	<u>\$ 2,925,340</u>	<u>\$ 3,043,351</u>
Construction in progress	<u>\$ 8,195</u>	<u>\$ 800</u>

The Organization incurred depreciation expense of \$198,063 and \$193,039 for the years ended September 30, 2017 and 2016, respectively.

NOTE 4 – BENEFICIAL INTEREST IN PERPETUAL TRUSTS

Beneficial interest in perpetual trusts consisted of the Organization's percentage interest in two separate perpetual trusts accounted for as split-interest agreements. The Organization values its interest in these trusts based on the fair value of each trust's underlying assets. At September 30, balances consisted of the following:

	<u>2017</u>	<u>2016</u>
Burks' Trust (5% interest)	\$ 171,506	\$ 162,502
Nine Trust (5% interest)	<u>11,092</u>	<u>10,964</u>
	<u>\$ 182,598</u>	<u>\$ 173,466</u>

During the year ended September 30, 2017, the Organization's portion of unrealized gain was \$9,132. During the year ended September 30, 2016, the Organization's portion of unrealized gain was \$8,356.

NOTE 5 – INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities consisted of the following at September 30:

	2017	2016
James Balance Golden Rainbow Retail CL	\$ 131,199	\$ 126,551
Lord Abbett Short Duration Inc. CL C	115,639	114,014
Columbia Strategic Income CL A	107,331	75,000
JP Morgan Equity Income CL A	100,679	60,583
Matthews Asia Dividend Investor CL	97,070	87,070
Alliance Bernstein High Income CL A	91,347	73,727
Fidelity Advisor Strategic Income CL A	84,965	83,082
MFS Research Bond CL A	83,729	69,801
Franklin Strategic Income CL A	75,477	73,418
BlackRock Global Dividend CL A	65,419	59,130
Janus High Yield CL A	63,735	62,545
Fidelity Advisor Emerging Markets Inc. CL A	58,446	57,856
American Century Diversified Bond	57,457	32,846
Legg Mason BW Global	57,363	55,766
Oppenheimer Global Strategic Income CL A	50,217	49,963
Columbia Emerging Markets Bond	47,995	46,806
Franklin Income CL A	46,678	44,124
Templeton Global Bond CL A	46,462	42,293
Dreyfus International Bond CL A	44,645	43,904
Invesco Balanced Risk Allocation CL A	30,774	32,176
MFS Conservative CLI	25,047	-
Columbia Seligman Global	18,669	10,372
Janus Global Life Sciences CL A	14,595	7,887
Permanent Portfolio	-	18,198
	\$ 1,514,938	\$ 1,327,112

During the years ended September 30, 2017 and 2016, dividend income reinvested into mutual funds was approximately \$38,000 and \$39,000, respectively. During the years ended September 30, 2017 and 2016, unrealized gain was approximately \$89,000 and \$104,000, respectively. During the years ended September 30, 2017 and 2016, proceeds from the sales of investments were approximately \$1,300 and \$100,000, respectively.

Marjaree Mason Center, Inc.

Notes to Financial Statements

NOTE 6 – FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 3 inputs were available to the Organization. The three levels of the fair value of hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Level 1 Fair Value Measurements – The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year-end.

Level 2 Fair Value Measurements – Beneficial interests in perpetual trusts are valued at the pro-rata ownership percentage of the net asset value (“NAV”) of the private investment. The NAV is based on the underlying assets in the trust, which consist of common stocks and mutual funds. The use of NAV as fair value is deemed appropriate, as the private investments do not have finite lives, unfunded commitments relating to these types of investments, or significant restrictions on redemptions.

Marjaree Mason Center, Inc.
Notes to Financial Statements

Accounting standards allow for the use of a practical expedient for the estimations of the fair value of investment companies or private investments for which the investment does not have a readily determinable fair value. The practical expedient used by the Organization to value these investments is the NAV. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of September 30, 2017:

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Blended Bond	\$ 550,429	\$ -	\$ -	\$ 550,429
International Bond	294,618	-	-	294,618
Domestic Bond	283,508	-	-	283,508
Balanced Fund	131,199	-	-	131,199
Domestic Stock	115,275	-	-	115,275
Blended Stock	84,088	-	-	84,088
Blended Asset	55,821	-	-	55,821
Total mutual funds	1,514,938	-	-	1,514,938
Beneficial Interest in Perpetual Trusts	-	182,598	-	182,598
Total assets at fair value	<u>\$ 1,514,938</u>	<u>\$ 182,598</u>	<u>\$ -</u>	<u>\$ 1,697,536</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of September 30, 2016:

	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Blended Bond	\$ 480,759	\$ -	\$ -	\$ 480,759
International Bond	277,928	-	-	277,928
Domestic Bond	253,529	-	-	253,529
Balanced Fund	126,551	-	-	126,551
Blended Asset	50,374	-	-	50,374
Blended Stock	69,502	-	-	69,502
Domestic Stock	68,469	-	-	68,469
Total mutual funds	1,327,112	-	-	1,327,112
Beneficial Interest in Perpetual Trusts	-	173,466	-	173,466
Total assets at fair value	<u>\$ 1,327,112</u>	<u>\$ 173,466</u>	<u>\$ -</u>	<u>\$ 1,500,578</u>

The Organization's policy is to recognize transfers into and out of Levels 2 and 3 inputs as of the date of the event or change in circumstances that caused the transfer. For the years ended September 30, 2017 and 2016, there were no significant transfers into or out of Level 2 or Level 3 inputs.

Marjaree Mason Center, Inc.
Notes to Financial Statements

NOTE 7 – LINE OF CREDIT

The Organization has a \$250,000 line of credit with Central Valley Community Bank. The unsecured credit line provides for monthly interest payments at prime plus 0.5%, with a minimum interest rate of 5.0%. At September 30, 2017, the effective interest rate was 5.0%. The line of credit matures September 30, 2018. At September 30, 2017 and 2016, there was no outstanding balance on the line of credit.

NOTE 8 – LONG-TERM DEBT

Long-term debt consisted of the following at September 30:

	<u>2017</u>	<u>2016</u>
<p>State of California Emergency Housing and Assistance Program (“EHAP”) forgivable loan for renovation of an emergency shelter in Fresno, secured by a deed of trust against the property. The note bears interest at 3%; accrued interest totaled \$105,000 at September 30, 2017. Repayment is deferred as long as the property is used as an emergency shelter or transitional housing. The loan’s 7-year term expires September 2021. Upon expiration, the loan and any accrued interest shall be forgiven. If a transfer or conveyance of the property occurs before the end of the term that results in the development no longer being used as an emergency shelter or transitional housing, EHAP shall terminate the loan and require immediate repayment of the loan, including all outstanding principal and accrued interest.</p>	<p>\$ 1,000,000</p> <hr/>	<p>\$ 1,000,000</p> <hr/>

NOTE 9 – OBLIGATIONS UNDER OPERATING LEASES

The Organization leases a house in Reedley from the City of Reedley under a noncancelable 10-year operating lease, which terminates July 2022. The triple net lease agreement calls for an annual lease payment of \$1. The Organization has determined the fair value of the monthly lease payments to be \$1,800 as of September 30, 2017.

The Organization leases office space in Fresno for the Batterers’ Intervention Program under an operating lease. Monthly lease payments are approximately \$3,684, with terms ending September 30, 2020.

The Organization leases office space in Reedley for the Rural Program under an operating lease. Monthly lease payments are approximately \$2,250, with terms ending February 21, 2020.

The Organization leases property in Clovis payable to the Clovis Community Development Agency in annual payments of \$100 through March 2066. The Organization has determined the fair value of the monthly lease payments to be \$600 as of September 30, 2017.

The Organization leases office equipment under various lease agreements. Monthly lease payments range from approximately \$54 to \$200, with terms ending from October 2018 to September 2022.

Marjaree Mason Center, Inc.
Notes to Financial Statements

Future minimum lease payments on the leases above are as follows:

<u>Year ending September 30,</u>		
2018	\$	82,594
2019		82,096
2020		66,963
2021		5,401
2022		4,650
Thereafter		<u>51,600</u>
	<u>\$</u>	<u>293,304</u>

Rent expense under operating leases for the years ended September 30, 2017 and 2016, respectively, was approximately \$127,000 and \$105,000.

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Amounts received from various donors for specific purposes are temporarily restricted until they have been spent for their specified purposes. Temporarily restricted net assets consisted of the following at September 30:

	<u>2017</u>	<u>2016</u>
Shelter, food, and supplies for clients and children	\$ 212,588	\$ 328,396
Education and outreach	143,276	151,137
Programs and counseling	56,797	38,941
Facilities maintenance	31,008	45,136
Auto maintenance	24,024	24,243
Reedley facility	1,355	13,738
Clovis shelter	<u>1,069</u>	<u>43,619</u>
	<u>\$ 470,117</u>	<u>\$ 645,210</u>

NOTE 11 – RETIREMENT PLAN

The Organization established a 401(k) Retirement Plan covering all active, full-time employees aged 21 or older. No matching contributions were made during the years ended September 30, 2017 and 2016.

Marjaree Mason Center, Inc.
Notes to Financial Statements

NOTE 12 – IN-KIND DONATIONS

In-kind donations consisted of the following for the years ended September 30:

	<u>2017</u>	<u>2016</u>
Trained volunteers	\$ 65,408	\$ 57,149
Fresno, Clovis, and Reedley shelters	49,191	99,366
Meathead Movers	25,000	7,108
MJR Creative Group	-	54,875
	<u>\$ 139,599</u>	<u>\$ 218,498</u>

NOTE 13 – CONTINGENCIES AND CONCENTRATIONS

Economic Dependency – The Organization receives a majority of its funding through various programs and contracts with federal, state, local, and private agencies. Grants and contracts for the years ended September 30, 2017 and 2016 comprise approximately 66% and 66%, respectively, of total unrestricted revenue.

The following is a summary of total grants and contracts received by agency for the year ended September 30, 2017:

<u>Granting and Contracting Agency</u>	<u>Amount</u>	<u>Percentage</u>
California Office of Emergency Services	\$ 1,160,597	31%
Department of Housing and Urban Development	937,758	25%
County of Fresno	750,344	20%
City of Fresno	339,775	9%
Other contracts	161,807	4%
First 5 of Fresno County	148,045	4%
Department of Justice	132,890	3%
Fresno County EOC	73,602	2%
Fresno Unified School District	67,000	2%
Federal Emergency Management Agency	15,958	0%
California Health Collaborative	1,500	0%
	<u>\$ 3,789,276</u>	<u>100%</u>

Supplementary Information

Marjaree Mason Center, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2017

Pass-through Grantor/Federal Grantor/Program Title	Federal CFDA #	Award Number	Total Costs Expended
CDBG - Entitlement Grants Cluster			
U.S. Department of Housing and Urban Development			
Passed through the County of Fresno			
Community Development Block Grant	14.218	A-14-697	\$ 39,698
Passed through the City of Fresno			
Community Development Block Grant	14.218	N/A	<u>5,570</u>
Total CDBG - Entitlement Grants Cluster			45,268
Other Programs			
U.S. Department of Housing and Urban Development			
Direct award:			
Project Next Step- Supportive Housing	14.235	CA0767L9T141406	59,075
Downtown Transition - Supportive Housing	14.235	CA0842L9T141504	167,456
Downtown Transition - Supportive Housing	14.235	CA0842L9T141605	121,165
HUD Clovis- Supportive Housing	14.235	CA0974L9T141502	163,270
HUD Clovis- Supportive Housing	14.235	CA0974L9T141603	55,342
HUD Welcome Home	14.235	CA1185L9T141401	48,897
HUD Welcome Home	14.235	CA1185L9T141502	149,235
HUD Welcome Home 2a	14.235	CA1411L9T141500	13,630
HUD Welcome Home 2	14.235	CA1411L9T141500	66,898
HUD Welcome Home 3	14.235	CA1411L9T141500	92,790
Passed through the City of Fresno			
Emergency Solutions Grant	14.231	A-15-075	<u>319,467</u>
Total U.S. Department of Housing and Urban Development			1,302,493
U.S. Department of Homeland Security			
Passed through the United Way of Fresno			
Emergency Food and Shelter National Board Program	97.024	N/A	<u>15,836</u>
Total U.S. Department of Homeland Security			15,836
U.S. Department of Justice			
Direct award:			
Legal Assistance to Victims	16.524	2014-WL-AX-0024	132,890
Passed through the California Office of Emergency Services			
Domestic Violence Assistance Program (VOCA 2015)	16.575	DV16301257	191,000
Domestic Violence Assistance Program (VOCA 2015)	16.575	DV16301257	119,992
Unserved/Underserved Victim Advocacy	16.575	XV15011257	177,575
Housing First (VOCA 2014)	16.575	XD16011257	184,105
Housing First (VOCA 2015)	16.575	XD16011257	79,022
Housing First (VOCA 2016)	16.575	XD16011257	16,392
Transitional Housing - FSP (VOCA)	16.575	XH16011257	120,028
Teen Dating Violence (FVPSA)	16.588	TV15011257	4,248
Teen Dating Violence (VAWA)	16.588	TV15011257	76,504
Teen Dating Violence (VAWA)	16.588	TV16021257	<u>33,794</u>
Total U.S. Department of Justice			<u>1,135,550</u>
Total Other Programs			<u>2,408,611</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,453,879</u></u>

Marjaree Mason Center, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying schedule of expenditures of federal awards (Schedule), includes the federal grant activity of Marjaree Mason Center, Inc. (the Organization) under programs of the federal government for the year ended September 30, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Relationship to financial reports – Information included in the accompanying Schedule is in substantial agreement with the information reported in the related financial reports for major programs.

Program costs – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Subrecipients – The Organization does not pass through funds to subrecipients.

Indirect costs – The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Single Audit Reports



Report of Independent Auditors 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
Marjaree Mason Center, Inc.
Fresno, California

We have audited, 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, the financial statements of Marjaree Mason Center, Inc., a nonprofit organization, which comprise the statement of financial position as of September 30, 2017, the related statements of activities, 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 March 13, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marjaree Mason Center, Inc.'s internal control over financial reporting (internal control) 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 Marjaree Mason Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Marjaree Mason Center, Inc.'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 combination of deficiencies, in internal control, such that there is a reasonable probability 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 with 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marjaree Mason Center, Inc.'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 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 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 result of that testing, and not to provide an opinion on the effectiveness of Marjaree Mason Center, Inc.'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Fresno, California
March 13, 2018

Report of Independent Auditors on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Marjaree Mason Center, Inc.
Fresno, California

Report on Compliance for Each Major Federal Program

We have audited Marjaree Mason Center, Inc.'s, a nonprofit organization, compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Marjaree Mason Center, Inc.'s major federal programs for the year ended September 30, 2017. Marjaree Mason Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Marjaree Mason Center, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marjaree Mason Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Marjaree Mason Center, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Marjaree Mason Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of Marjaree Mason Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Marjaree Mason Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances, for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marjaree Mason Center, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002 that we consider to be significant deficiencies.

Marjaree Mason Center, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Marjaree Mason Center, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script, appearing to read "R. Allen LLP".

Fresno, California
March 13, 2018

Marjaree Mason Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Section I - Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? X Yes None reported

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? X Yes No

IDENTIFICATION OF MAJOR FEDERAL PROGRAMS AND TYPE OF AUDITOR'S REPORT ISSUED ON COMPLIANCE FOR MAJOR FEDERAL PROGRAMS

<i>CFDA Number</i>	<i>Name of Federal Program/Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Program</i>
16.575	Crime Victim Assistance	Unmodified
16.588	Violence Against Women Formula Grants	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

Section II - Financial Statement Findings

None reported

Marjaree Mason Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Section III - Federal Award Findings and Questioned Costs

Finding 2017-001 - Reporting - Significant Deficiency in Internal Control over Compliance

CFDA Number	Program Name	Federal Agency/Pass-through Entity	Federal Award	Award Year
16.575	Crime Victim Assistance	U.S. Department of Justice/California Office of Emergency Services	DV16301257 XD16011257	2016
16.588	Violence Against Women Formula Grants	U.S. Department of Justice/California Office of Emergency Services	TV15011257 TV16021257	2015 2016

Criteria - The California Office of Emergency Services Subrecipient Handbook requires Community Based Organizations to submit a Report of Expenditures and Request for Funds and Progress Reports within 30 calendar days of the end of the report period.

Condition - Required reports were not submitted within the 30 calendar day deadline.

Questioned Costs - None reported.

Context - Each federal award noted in the table require monthly financial and quarterly progress reports. This would equate to approximately 16 reports per award. Testing of 9 financial reports and 4 quarterly progress reports was conducted. Results from that testing showed 5 out of 9 financial reports (monthly) and 2 out of 4 progress reports (quarterly) were not submitted within 30 calendar days of the end of the report period.

Effect - The untimely filing of financial and progress reports results in a delay in the reimbursement of grant-funded expenditures.

Cause - Management is aware of the reporting deadline; however, current personnel workloads impair the responsible personnel from completing the reporting requirement on time.

Recommendation - We recommend management modify job responsibilities to ensure personnel have the ability to submit reports on a timely basis.

Management's Response - Management has made adjustments to the job responsibilities for the Director of Finance to ensure that all financial and progress reports are submitted within 30 calendar days of the end of the reporting period.

Finding 2017-002 - Procurement - Significant Deficiency in Internal Control over Compliance

CFDA Number	Program Name	Federal Agency/Pass-through Entity	Federal Award	Award Year
16.588	Violence Against Women Formula Grants	U.S. Department of Justice/California Office of Emergency Services	TV15011257 TV16021257	2015 2016

Criteria - Section 3410 of the California Office of Emergency Services Subrecipient Handbook requires all purchases of \$5,000 or over to follow a formal Invitation for Bid or Request for Proposal and not be suspended or debarred.

Condition - A formal Invitation for Bid or Request for Proposal was not followed for purchases over \$5,000.

Marjaree Mason Center, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2017

Questioned Costs - None reported.

Context - Inspection of disbursement documentation showed 2 out of 10 disbursements tested required a formal Invitation for Bid or Request for Proposal prior to procurement. An Invitation for Bid or Request for Proposal was not followed on either contract and a review of vendor suspension or debarment was not performed.

Effect - Not performing a formal Invitation for Bid or Request for Proposal could result in the utilization of an unqualified vendor, an over-spending of grant funding, and questioned costs.

Cause - Management was not aware of the compliance requirement. Management currently does not have a process to check vendor suspension and debarment.

Recommendation - We recommend a formal Invitation for Bid or Request for Proposal be performed on all purchases over \$5,000 and all vendors' suspension and debarment status be reviewed prior to utilization, regardless of amount.

Management's Response - Management will require that a formal Invitation for Bid or Request for Proposal be submitted with all purchases over \$5,000. The proposals will be kept in the vendor files and/or grant file. Management is creating and formalizing a policy to have all vendors screened through the System for Award Management (www.sam.gov) to ensure that the vendors are in good standing and have not been suspended or debarred by the federal government.

Marjaree Mason Center, Inc.
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2017

None reported.

Other Information

Marjaree Mason Center, Inc.
Combining Schedule of Revenue, Support, and Expenses
Year Ended September 30, 2017
(with summarized financial information for the Year Ended September 30, 2016)

											Total	
	County of Fresno	Housing and Urban Development	California Office of Emergency Services	Department of Justice	Marriage License Fees	County Family Stabilization	Fresno County EOC	City CDBG/ESG	First 5 Fresno County	Contributions, Program Fees, and Other	2017	2016
Revenues, Gains, and Other Support												
Grants and contracts	\$ 231,121	\$ 937,758	\$ 1,160,597	\$ 132,890	\$ -	\$ 519,223	\$ 73,602	\$ 339,775	\$ 148,045	\$ 246,265	\$ 3,789,276	\$ 2,991,439
Contributions	-	-	-	-	149,248	-	-	-	-	751,386	900,634	1,003,856
Donated services and supplies	-	-	-	-	-	-	-	-	-	139,599	139,599	218,498
Special events	-	-	-	-	-	-	-	-	-	283,266	283,266	327,773
Program fees	-	-	-	-	-	-	-	-	-	335,374	335,374	284,580
Legacies and bequests	-	-	-	-	-	-	-	-	-	8,615	8,615	-
Unrealized gain in fair value of investments	-	-	-	-	-	-	-	-	-	89,168	89,168	104,390
Unrealized gain in fair value of perpetual trusts	-	-	-	-	-	-	-	-	-	9,132	9,132	8,356
Interest income	-	-	-	-	-	-	-	-	-	191	191	280
Total revenues, gains, and other support	231,121	937,758	1,160,597	132,890	149,248	519,223	73,602	339,775	148,045	1,862,996	5,555,255	4,939,172
Expenses												
Accounting and legal	-	4,777	5,500	-	10,282	-	-	-	-	8,558	29,117	102,905
Advertising	-	-	34,725	-	-	-	-	-	-	4,080	38,805	11,363
Bad debt expense	-	-	-	-	-	-	-	-	-	35,932	35,932	-
Bank charges	-	-	-	-	-	-	-	-	-	1,223	1,223	661
Computer services	-	6,080	4,500	62	3,862	2,152	-	-	-	18,562	35,218	38,239
Conferences, conventions, and meetings	2,441	3,344	11,072	3,177	465	14,576	1,489	168	-	79,088	115,820	142,698
Depreciation	-	-	-	-	-	-	-	-	-	198,063	198,063	193,039
Donated services and supplies	-	-	-	-	-	-	-	-	-	134,964	134,964	235,160
Dues and subscriptions	-	600	-	942	224	-	-	-	-	3,412	5,178	7,375
Employee benefits	37,088	119,202	174,582	15,585	9,913	76,528	13,723	20,110	35,755	154,052	656,538	607,750
Equipment rental, repairs, and maintenance	2,406	64,688	31,450	1,402	18,117	17,274	-	76,294	-	106,247	317,878	292,639
Food	-	984	480	-	1,457	772	-	-	(50)	16,886	20,529	8,171
Insurance	1,121	6,343	2,138	409	3,705	-	-	12,014	-	17,710	43,440	52,662
Interest	-	-	-	-	-	-	-	-	-	30,000	30,000	30,000
Miscellaneous	-	-	-	-	-	-	-	-	-	1,516	1,516	1,940
Office expense	118	1,335	8,083	330	2,709	1,551	17	73	-	19,064	33,280	27,410
Printing	86	281	2,189	43	66	43	86	43	-	26,186	29,023	21,189
Professional fees	-	6,025	22,338	33,021	8,257	195	550	-	-	42,013	112,399	112,724
Program supplies	5,629	157,983	113,026	-	24,018	639	188	88,494	746	43,898	434,621	260,943
Rent	7,080	100	20,533	1,080	-	46,725	-	-	-	51,350	126,868	105,125
Salaries	171,499	493,386	697,930	76,233	37,685	353,864	57,213	83,476	111,594	854,152	2,937,032	2,399,799
Security	-	2,448	7,717	-	-	580	-	1,410	-	842	12,997	7,723
Taxes and licenses	-	5,785	-	-	-	-	-	-	-	767	6,552	1,513
Utilities	1,525	64,397	24,334	606	6,467	16,624	1,275	57,693	-	19,579	192,500	178,345
Total expenses	228,993	937,758	1,160,597	132,890	127,227	531,523	74,541	339,775	148,045	1,868,144	5,549,493	4,839,373
Change in net assets	\$ 2,128	\$ -	\$ -	\$ -	\$ 22,021	\$ (12,300)	\$ (939)	\$ -	\$ -	\$(5,148)	\$ 5,762	\$ 99,799

