

**MY SISTER'S HOUSE
& AFFILIATE**

Independent Auditor's Reports,
Consolidated Financial Statements
and Supplementary Information

Year Ended June 30, 2018

**MY SISTER’S HOUSE & AFFILIATE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
My Sister's House & Affiliate

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of My Sister's House & Affiliate (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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.

Auditor's 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 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of My Sister's House & Affiliate as of June 30, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2019, on our consideration of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, CA
January 4, 2019

MY SISTER'S HOUSE & AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

Assets

Current assets:

Cash and equivalents	\$ 744,186
Restricted cash	52,530
Certificates of deposit	57,186
Grants receivable	242,812
Accounts receivable	7,513
Prepaid expenses	32,605
Refundable deposits	<u>5,150</u>
Total current assets	<u>1,141,982</u>

Fixed assets, net	<u>399,455</u>
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Total assets	<u><u>\$ 1,541,437</u></u>
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 41,463
Accrued expenses	76,999
Deferred revenue	340,288
Current portion of long-term debt	<u>8,554</u>
Total current liabilities	467,304

Long-term debt, net of current portion	<u>193,749</u>
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Total liabilities	<u>661,053</u>
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Net assets:

Unrestricted	794,141
Temporarily restricted	83,243
Permanently restricted	<u>3,000</u>
Total net assets	<u>880,384</u>

Total liabilities and net assets	<u><u>\$ 1,541,437</u></u>
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The accompanying notes are an integral part of these financial statements.

MY SISTER'S HOUSE & AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:				
Government grant revenue	\$ 1,210,076	-	-	\$ 1,210,076
Foundation and other grant revenue	-	\$ 470,891	-	470,891
Contributions	210,018	7,187	\$ 2,000	219,205
Special event revenue	158,437	-	-	158,437
Less: Costs of direct benefits to donors	(33,136)	-	-	(33,136)
Café income	184,985	-	-	184,985
Less: Café cost of sales	(60,075)	-	-	(60,075)
Conference revenue	27,465	-	-	27,465
Contract service revenue	7,128	-	-	7,128
Interest revenue	923	-	-	923
Net assets released from restrictions	493,565	(493,565)	-	-
Total support and revenue	<u>2,199,386</u>	<u>(15,487)</u>	<u>2,000</u>	<u>2,185,899</u>
Expenses:				
Program services:				
Shelter	407,962	-	-	407,962
Crisis Line	54,777	-	-	54,777
W2W	548,302	-	-	548,302
Outreach and education	798,383	-	-	798,383
Total program services	<u>1,809,424</u>	<u>-</u>	<u>-</u>	<u>1,809,424</u>
Supporting services:				
Fundraising	72,195	-	-	72,195
Management and general	180,843	-	-	180,843
Total supporting services	<u>253,039</u>	<u>-</u>	<u>-</u>	<u>253,039</u>
Total expenses	<u>2,062,463</u>	<u>-</u>	<u>-</u>	<u>2,062,463</u>
Change in net assets	136,923	(15,487)	2,000	123,436
Net assets, beginning of year	<u>657,218</u>	<u>98,730</u>	<u>1,000</u>	<u>756,948</u>
Net assets, end of year	<u>\$ 794,141</u>	<u>\$ 83,243</u>	<u>\$ 3,000</u>	<u>\$ 880,384</u>

The accompanying notes are an integral part of these financial statements.

MY SISTER'S HOUSE & AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services				Supporting Services			
	Shelter	Crisis Line	W2W	Outreach and Education	Total Program Services	Fundraising	Management and General	Total
Salaries & wages	\$ 178,768	\$ 40,608	\$ 316,097	\$ 181,115	\$ 716,588	\$ 45,018	\$ 81,453	\$ 843,060
Employee benefits	34,114	4,959	40,751	27,528	107,352	6,753	12,218	126,323
Payroll taxes	15,677	3,556	26,666	15,097	60,996	4,116	7,026	72,138
Total personnel costs	228,559	49,123	383,514	223,740	884,936	55,887	100,697	1,041,521
Professional services	23,825	90	17,025	421,401	462,341	12,603	65,204	540,148
Office supplies	3,113	707	5,505	3,154	12,479	471	942	13,892
Supportive services	43,151	-	51,622	-	94,773	-	-	94,773
Occupancy	40,840	1,824	14,198	8,135	64,997	1,214	2,431	68,642
Communications	10,875	643	5,005	2,868	19,391	428	857	20,676
Travel	14,686	292	2,269	54,303	71,550	194	389	72,133
Furniture & equipment	6,548	626	4,874	2,793	14,841	417	834	16,092
Training & development	1,233	280	2,182	1,250	4,945	187	618	5,750
Outreach	-	-	-	71,944	71,944	-	-	71,944
Café expenses	-	-	52,823	-	52,823	-	-	52,823
Insurance	3,903	886	6,900	3,954	15,643	590	1,181	17,414
Depreciation	20,902	222	1,728	4,464	27,316	148	296	27,760
Interest expense	9,954	-	-	-	9,954	-	-	9,954
Tax & license	-	-	-	-	-	-	950	950
Miscellaneous	373	84	657	377	1,491	56	6,444	7,991
Total expenses	<u>\$ 407,962</u>	<u>\$ 54,777</u>	<u>\$ 548,302</u>	<u>\$ 798,383</u>	<u>\$ 1,809,424</u>	<u>\$ 72,195</u>	<u>\$ 180,843</u>	<u>\$ 2,062,463</u>

The accompanying notes are an integral part of these financial statements.

**MY SISTER'S HOUSE & AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

Cash flows from operating activities:	
Change in net assets	\$ 123,436
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	27,760
Increase in certificates of deposit	(72)
Decrease in grants receivable	99,176
Increase in accounts receivable	(2,344)
Increase in prepaid expenses	(7,051)
Increase in refundable deposits	(2,060)
Decrease in accounts payable	(34,122)
Increase in accrued vacation payable	10,220
Increase in deferred revenue	<u>340,288</u>
Net cash provided by operating activities	<u>555,231</u>
Cash flows from investing activities:	
Purchases of fixed assets	<u>(59,868)</u>
Net cash used in investing activities	<u>(59,868)</u>
Cash flows from financing activities:	
Principal payments on note payable	<u>(8,024)</u>
Net cash used in financing activities	<u>(8,024)</u>
Net increase in cash	487,339
Cash and equivalents, beginning of year	<u>309,377</u>
Cash and equivalents, end of year	<u><u>\$ 796,716</u></u>
Supplemental data:	
Interest paid for the year ended June 30, 2018:	<u><u>\$ 9,954</u></u>

The accompanying notes are an integral part of these financial statements.

**MY SISTER’S HOUSE & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE A – NATURE OF ORGANIZATION

The consolidated financial statements include the accounts of My Sister’s House and its wholly owned subsidiary, Fred McGlasjoy, LLC (collectively My Sister’s House & Affiliate or the Organization). The accounts of these two organizations have been consolidated because they are under common management and control.

My Sister’s House of Sacramento, California, is a not-for-profit organization with the mission to serve the needs of Asian and Pacific Islander women and children impacted by domestic violence by providing a culturally appropriate and responsive safe have and community services. Those services include providing a 6-bed shelter, 6-bed transitional house, operating a 24-hour multilingual help line, conducting a women to work program which includes an operation of a café, making presentations on domestic violence and human trafficking to the community, and hosting an annual conference. The Organization operates My Sister’s Café, a volunteer-based support program to help domestic violence survivors “get back on their feet” financially. Fred McGlasjoy, LLC is a for-profit limited liability company registered in California that owns real property used in the program services of the Organization. The Organization is primarily funded by government and foundations grants, and individual donations.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include all the accounts of the Organization. All significant inter-organization transactions and balances have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization classifies their net assets and changes in net assets as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired.

Temporarily restricted net assets – Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

MY SISTER'S HOUSE & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Permanently restricted net assets – Net assets that are to be held in perpetuity as directed by donors. The income from these net assets is available to support activities as designated by the donors.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

Allowance for Doubtful Accounts

No provision has been made for uncollectible accounts, as management considers all accounts to be currently collectible. Uncollectible accounts are expensed on an individual basis when they are deemed to no longer be collectible.

Fixed Assets

Acquisitions of fixed assets in excess of \$5,000 are capitalized and stated at cost. Donated fixed assets are reported at fair value at the date of the gift. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Revenue Recognition

The Organization treats government grants received as conditional contributions. Accordingly, revenue is recognized only to the extent of allowable expenses. Government grant proceeds received in advance of expenditure are recorded as deferred revenue in the consolidated statement of financial position. Revenue from conferences and special events are recognized in the periods the events are held. Revenue from the Café is recognized as sales occur.

MY SISTER'S HOUSE & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Unconditional contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions. All unconditional contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Conditional grants received are recorded as deferred revenue until the specific condition(s) have been lifted.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates under different assumptions or conditions.

Functional Expenses

The costs of providing the program services and supporting services have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services based on estimates of employees' time incurred and usage of resources.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California code sections. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and is considered a publically supported organization.

Management of the Organization has evaluated the tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist.

**MY SISTER’S HOUSE & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and equivalents with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions are due from government agencies and foundations supportive of the Organization’s mission.

Recently Adopted Accounting Standards

Effective for the year ended June 30, 2018, the Organization adopted ASU 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to clarify and improve the scope and accounting guidance for contributions received and contributions made. It provides assistance to not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance; and (2) determining whether a contribution is conditional. During the fiscal year ended June 30, 2018, the Organization adopted the amendment causing certain foundation grants that were previously considered to be unconditional contributions to be considered conditional contributions.

NOTE C – GRANTS RECEIVABLE

Grants receivable, all of which management considers fully collectible, consisted of the following as of June 30, 2018:

California Governor’s Office of Emergency Services	\$ 126,138
U.S. Department of Justice	40,329
Wells Fargo Foundation	20,000
SMUD	20,000
Other grants	<u>36,345</u>
 Total grants receivable	 <u>\$ 242,812</u>

**MY SISTER'S HOUSE & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

NOTE D – FIXED ASSETS

Fixed assets consisted of the following as of June 30, 2018:

Buildings	\$ 255,245
Land	97,950
Leasehold improvements	66,499
Vehicles	25,000
Equipment	20,844
Less: accumulated depreciation	<u>(66,083)</u>
Total fixed assets	<u>\$ 399,455</u>

Depreciation expense was \$27,760 for the year ended June 30, 2018.

NOTE E – LONG-TERM DEBT

Long-term debt consisted of the following as of June 30, 2018:

Note payable with monthly installments of \$1,498, including interest at 4.75%; secured by a deed of trust; maturing September 2024.	\$ 202,303
Less: current portion	<u>(8,554)</u>
Long-term portion	<u>\$ 193,749</u>

Required payments of principal on the long-term note payable as of June 30, 2018, including current maturities, are summarized as follows for the years ended June 30:

2019	\$ 8,554
2020	8,969
2021	9,404
2022	9,861
2023	10,340
Thereafter	<u>155,175</u>
Total future principle payments	<u>\$ 202,303</u>

MY SISTER’S HOUSE & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE F – LINE OF CREDIT

The Organization has a line of credit with a bank, principle amount of \$20,000, maturing December 20, 2019, carrying a variable interest rate at prime plus .75%. The line of credit is secured by the assets of the Organization. There were no amounts outstanding under the line of credit as of June 30, 2018.

NOTE G – RESTRICTED NET ASSETS

At June 30, 2018, temporarily restricted net assets of \$83,243 consisted of time and purpose-restricted contributions in connection with the shelter and related programs. Permanently restricted nets assets of \$3,000 are held in perpetuity with the income being available to support the Organization’s programs.

NOTE H – COMMITMENTS

The Organization leases space and equipment under non-cancellable multi-year operating leases, which expire from 2020-2022. The following is a schedule of future minimum rental payments required under the above operating leases for the years ended June 30:

2019	\$ 54,393
2020	46,046
2021	27,936
2022	<u>29,064</u>
Total future minimum rental payments	<u>\$ 157,439</u>

Rental expense totaled \$73,519 for the year ended June 30, 2018.

NOTE I – RETIREMENT PLAN

The Organization has a Simple IRA retirement plan to which eligible employees may elect to make contributions under salary reduction agreements. For those employees electing to participate, the Organization makes contributions on behalf of the participant of up to 3% of compensation. Employer contributions totaled \$15,584 for the year ended June 30, 2018.

MY SISTER'S HOUSE & AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

NOTE J – DONATED SERVICES

The Organization received donated services from professional level employees in several areas of program operations. The value of those donated services was \$23,431 and is included in contributions and professional services in the accompanying consolidated statements of activities and functional expenses.

The Organization also received donated services from a variety of unpaid volunteers assisting in leadership, committees, fundraising activities and program services. The value of this donated time is not reflected in the accompanying consolidated financial statements since it does not meet the criteria for recognition as a contribution.

NOTE K – CONCENTRATIONS

The California Governor's Office of Emergency Services (Cal-OES) provided approximately 38% of the Organization's funding for the year ended June 30, 2018. In addition, 52% of grants receivable at June 30, 2018 were due from Cal-OES.

NOTE L – CONTINGENCIES

The Organization is primarily funded by grants and is subject to financial and compliance audits by the grantors or their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time.

NOTE M – SUBSEQUENT EVENTS

The management of the Organization has reviewed the results of operations for the period of time from its year end June 30, 2018 through January 4, 2019, the date the consolidated financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying consolidated financial statements, nor have any subsequent events occurred, the nature of which would require disclosure.

SUPPLEMENTARY INFORMATION

MY SISTER'S HOUSE & AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Justice				
Passed through:				
California Governor's Office of Emergency Services				
Domestic Violence Assistance Program	16.575	DV 16 05 8662	-	\$ 98,493
Domestic Violence Assistance Program	16.575	DV 17 07 8662	-	197,499
Victims of Crime Act Training Program	16.582	VG 16 01 8662	\$ 137,659	295,072
Domestic Violence Housing First Program	16.575	KD 17 01 8662	-	86,042
Office on Violence Against Women				
Culturally and Linguistically Specific Services Program	16.016	2016 UW AX 0020	6,031	103,121
Transitional Housing Assistance for Victims of Domestic Violence, Stalking, or Sexual Assault	16.736	2017 WH AX 0021	-	26,966
Total U.S. Department of Justice			<u>143,690</u>	<u>807,193</u>
U.S. Department of Homeland Security				
Passed through:				
Office on Violence Against Women				
Emergency Food and Shelter Program	97.024	Phase 34 082400-036	-	27,836
Total U.S. Department of Homeland Security			<u>-</u>	<u>27,836</u>
U.S. Department of Health and Human Services				
Passed through:				
Administration for Children and Families				
Community Services Block Grant	93.569	16C185SN[E]	-	17,351
Community Services Block Grant	93.569	18 C1858N	-	10,102
U.S. Committee for Refugees and Immigrants				
Trafficking Victim Assistance Program	93.598	90ZV0123	-	16,026
Total U.S. Department of Health and Human Services			<u>-</u>	<u>43,479</u>
Total Expenditures of Federal Awards			<u>\$ 143,690</u>	<u>\$ 878,508</u>

The accompanying notes are an integral part of this schedule

MY SISTER’S HOUSE & AFFILIATE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of My Sister’s House & Affiliate (the Organization) under programs of the federal government for the year ended June 30, 2018. 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.

Note 2. Summary of Significant Accounting Policies

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.

Note 3. Indirect Cost Rate

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

**MY SISTER'S HOUSE & AFFILIATE
SCHEDULE OF EXPENDITURES
FOR THE CALIFORNIA GOVERNOR'S OFFICE OF EMERGENCY SERVICES GRANTS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>DV 17 07 8662</u>	<u>DV 16 06 8662</u>	<u>KD 17 01 8662</u>	<u>VG 16 01 8662</u>
Revenue	\$ 345,544	\$ 138,281	\$ 156,142	\$ 290,627
Expenses:				
Personnel expenses	274,864	92,562	54,576	55,621
Operating expenses	53,521	45,027	31,467	214,339
In-kind match	17,159	692	70,099	-
Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,667</u>
Total expenses	<u>345,544</u>	<u>138,281</u>	<u>156,142</u>	<u>290,627</u>
Excess of expenses (over) under revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
My Sister's House & Affiliate

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 My Sister's House & Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but do not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the Organization's consolidated financial statements are free of 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 consolidated 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 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.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, CA
January 4, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
My Sister's House & Affiliate

Report on Compliance for Each Major Federal Program

We have audited My Sister's House & Affiliate's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2018. The Organization'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 the Organization'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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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 June 30, 2018.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 each 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 the Organization'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 a 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, material weaknesses may exist that have not been identified.

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.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, CA
January 4, 2019

**MY SISTER'S HOUSE & AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes None reported

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.575	Domestic Violence Assistance Program

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

Auditee qualified as low-risk auditee? Yes No

**MY SISTER'S HOUSE & AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

None

**MY SISTER'S HOUSE & AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section III – Federal Award Findings and Questioned Costs

None

**MY SISTER'S HOUSE & AFFILIATE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

None reported