

***COMMUNITY SERVICE PROGRAMS, INC.***

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2015 AND 2014**

**WITH INDEPENDENT AUDITORS' REPORT**

**COMMUNITY SERVICE PROGRAMS, INC.**  
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**JUNE 30, 2015 AND 2014**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Community Service Programs, Inc.  
Santa Ana, California

We have audited the accompanying financial statements of Community Service Programs, Inc., (a nonprofit organization) ("the Organization") which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows, and functional expenses, for the years 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits 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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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.

### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 12, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Service Programs, Inc. as of June 30, 2015 and 2014 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, 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.

*White Nelson Dick Evans LLP*

Irvine, California  
November 30, 2015

**COMMUNITY SERVICE PROGRAMS, INC.  
STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED JUNE 30, 2015 AND 2014**

**ASSETS**

	2015	2014
Current Assets:		
Cash and cash equivalents	\$ 1,710,644	\$ 1,510,178
Investments	260,517	268,577
Accounts and grants receivable	2,143,735	1,874,032
Prepaid expenses	97,239	90,974
Total Current Assets	4,212,135	3,743,761
Property, Plant, and Equipment, at Net Book Value	260,316	278,643
Noncurrent Assets:		
Deposits	72,453	76,453
Total Assets	\$ 4,544,904	\$ 4,098,857

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable	\$ 401,328	\$ 280,694
Accrued salaries and vacation	731,492	718,852
Deferred rent	76,855	50,716
Advances from funding sources	11,834	7,250
Total Current Liabilities	1,221,509	1,057,512
Net Assets:		
Unrestricted	2,491,947	2,334,718
Temporarily restricted	654,785	529,964
Permanently restricted	176,663	176,663
Total Net Assets	3,323,395	3,041,345
Total Liabilities and Net Assets	\$ 4,544,904	\$ 4,098,857

The accompanying notes are an integral part of these financial statements

**COMMUNITY SERVICE PROGRAMS, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**JUNE 30, 2015 AND 2014**

<u>Changes In Unrestricted Net Assets</u>	<u>2015</u>	<u>2014</u>
Unrestricted Support and Revenues:		
Contributions:		
United Way	\$ -	\$ 66,050
Foundations	215,676	181,826
Corporations	21,050	59,266
Individuals	28,117	24,868
Court directed victim assistance programs	731,323	884,916
Other	138,639	85,476
Total Contributions	<u>1,134,805</u>	<u>1,302,402</u>
Special Events:		
Golf tournament revenue	91,435	70,348
Direct expenses	<u>(35,182)</u>	<u>(26,074)</u>
Net Support from Golf Tournament	<u>56,253</u>	<u>44,274</u>
Light a light of love event	112,031	98,418
Direct expenses	<u>(10,005)</u>	<u>(9,639)</u>
Net Support from Light a Light of Love Event	<u>102,026</u>	<u>88,779</u>
Wine tasting	126,324	62,520
Direct expenses	<u>(9,872)</u>	<u>(6,397)</u>
Net Support from Wine Tasting	<u>116,452</u>	<u>56,123</u>
Total Special Events	<u>274,731</u>	<u>189,176</u>
Other Revenues:		
Grants from federal and state agencies	12,520,200	10,994,245
Grants from other agencies	2,464,149	2,613,439
Client fees	60,493	77,676
Investment and dividend income	540	8,814
Other	<u>2,055</u>	<u>(4,008)</u>
Total Other Revenues	<u>15,047,437</u>	<u>13,690,166</u>
Subtotal Support and Revenues	16,456,973	15,181,744
Net Assets Released from Restriction	<u>221,630</u>	<u>4,568</u>
Total Unrestricted Support and Revenues	<u>16,678,603</u>	<u>15,186,312</u>

The accompanying notes are an integral part of these financial statements

**COMMUNITY SERVICE PROGRAMS, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)**  
**JUNE 30, 2015 AND 2014**

<u>Changes In Unrestricted Net Assets (Continued):</u>	<u>2015</u>	<u>2014</u>
Expenses:		
Program Services:		
Victim/witness assistance	\$ 5,399,383	\$ 5,354,638
Youth development services	6,217,349	5,925,932
Huntington Beach shelter and gang prevention	510,982	706,644
Crisis residential	2,134,974	1,241,877
Outpatient	551,671	524,807
Dispute resolution	279,941	275,194
Total Program Services	<u>15,094,300</u>	<u>14,029,092</u>
Supporting Services:		
Management and general	1,377,835	1,239,827
Fundraising and development	49,240	54,034
Total Supporting Services	<u>1,427,075</u>	<u>1,293,861</u>
Total Expenses	<u>16,521,375</u>	<u>15,322,953</u>
Change in Unrestricted Net Assets	<u>157,228</u>	<u>(136,641)</u>
 <u>Changes In Temporarily Restricted Support:</u>		
Support and Revenues:		
Investment income	4,510	35,715
Other contributions	341,942	193,663
Total Support and Revenues	<u>346,452</u>	<u>229,378</u>
Net Assets Released from Restrictions	<u>(221,630)</u>	<u>(4,568)</u>
Increase in Temporarily Restricted Net Assets	<u>124,822</u>	<u>224,810</u>
Increase in Total Net Assets	282,050	88,169
Total Net Assets at Beginning of Year	<u>3,041,345</u>	<u>2,953,176</u>
Total Net Assets at End of Year	<u>\$ 3,323,395</u>	<u>\$ 3,041,345</u>

The accompanying notes are an integral part of these financial statements

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**COMMUNITY SERVICE PROGRAMS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**JUNE 30, 2015 AND 2014**

	2015	2014
Cash Flows from Operating Activities:		
Increase in Total Net Assets	\$ 282,050	\$ 88,169
Non-cash Items Included in Increase in Total Net Assets:		
Depreciation and amortization	18,327	21,125
Unrealized gain on investments	3,164	(26,314)
Changes in:		
Accounts and grants receivable	(269,703)	287,892
Other receivable	-	71,965
Prepaid expenses	(6,265)	(62,759)
Deposits	4,000	(78)
Accounts payable	120,634	(123,570)
Accrued salaries and vacation	12,640	(6,354)
Deferred rent	26,139	(21,241)
Advances from funding sources	4,584	(8,453)
Net Cash Provided By Operating Activities	195,570	220,382
Cash Flows from Investing Activities:		
Purchase of property and equipment	-	(3,325)
Investment income (loss), net	4,896	(7,360)
Net Cash Used in Investing Activities	4,896	(10,685)
Net Increase in Cash and Cash Equivalents	200,466	209,697
Cash and Cash Equivalents at Beginning of Year	1,510,178	1,300,481
Cash and Cash Equivalents at End of Year	\$ 1,710,644	\$ 1,510,178

The accompanying notes are an integral part of these financial statements

**COMMUNITY SERVICE PROGRAMS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2015**

	Program Services			
	Victim/ Witness Assistance	Youth Development Services	Huntington Beach Shelter and Gang Prevention	Crisis Residential
Salaries and Related Expenses:				
Salaries	\$ 3,519,137	\$ 3,339,118	\$ 487,801	\$ 813,573
Payroll taxes	300,339	288,794	45,128	71,275
Employee benefits	699,054	523,302	101,892	195,896
Total Salaries and Related Expenses	<u>4,518,530</u>	<u>4,151,214</u>	<u>634,821</u>	<u>1,080,744</u>
Other Expenses:				
Community education/public relations	40	80	230	-
Consultants and contractors	82,309	477,263	5,981	4,577
Copier leases	2,460	6,633	2,290	2,758
Donated expense - community education	4,000	-	-	-
Equipment maintenance	25,591	10,814	1,839	7,043
Flex funds	-	432,899	-	-
Food/water/household	7,963	8,619	15,587	33,625
Fundraising	-	-	-	-
Insurance	19,940	22,192	3,599	5,373
IT support	11,808	49,947	3,834	8,731
OC's trafficking victims expenses	20,255	-	-	-
Office supplies/postage	88,026	60,499	5,378	9,725
Other expenses	280,268	29,068	4,999	9,228
Personnel hiring/development	10,198	9,719	1,230	3,187
Postage meter lease program	458	509	86	124
Program supplies	30,785	161,861	1,349	5,762
Rent	90,762	258,156	116	302
Resident outings	-	-	-	1,044
Rewards and incentives	32	10,585	1,067	154
Space maintenance	121	15,547	1,477	8,039
Start up cost	-	-	-	37,656
Telephone	61,644	57,389	8,825	10,964
Travel-local/out of community	98,386	151,624	2,774	6,303
Utilities	1,062	11,314	10,724	6,538
Youth development activities	-	-	438	-
Total Other Expenses	<u>836,108</u>	<u>1,774,718</u>	<u>71,823</u>	<u>161,133</u>
Expenses Before Depreciation	5,354,638	5,925,932	706,644	1,241,877
Depreciation of Property, Plant and Equipment	-	-	-	-
Total Functional Expenses	<u>\$ 5,354,638</u>	<u>\$ 5,925,932</u>	<u>\$ 706,644</u>	<u>\$ 1,241,877</u>

The accompanying notes are an integral part of these financial statements

Program Services (Continued)		Supporting Services				Functional Expenses as of	
Dispute Resolution	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total	June 30, 2014	
\$ 184,521	9,148,770	\$ 966,567	\$ -	\$ 966,567	\$ 10,115,337	\$ 9,567,598	
15,856	790,020	78,394	-	78,394	868,414	817,750	
32,991	1,718,882	160,797	-	160,797	1,879,679	1,752,098	
<u>233,368</u>	<u>11,657,672</u>	<u>1,205,758</u>	<u>-</u>	<u>1,205,758</u>	<u>12,863,430</u>	<u>12,137,446</u>	
-	-	-	38,000	38,000	38,000	46,005	
922	684,672	580	-	580	685,252	599,739	
104	12,590	4	-	4	12,594	14,594	
-	1,287	5,318	-	5,318	6,605	-	
-	-	-	-	-	-	4,000	
397	48,764	53	-	53	48,817	54,607	
-	468,062	-	-	-	468,062	432,899	
1,102	98,099	644	-	644	98,743	75,892	
-	299	64	5,305	5,369	5,668	5,328	
1,150	56,208	39	-	39	56,247	54,739	
1,435	96,390	-	-	-	96,390	85,262	
-	2,437	-	-	-	2,437	20,255	
3,800	226,307	4,379	178	4,557	230,864	174,526	
9,544	336,621	5,968	5,613	11,581	348,202	348,850	
2,512	39,904	541	-	541	40,445	27,270	
25	1,167	1	-	1	1,168	1,263	
3,090	360,643	3,561	-	3,561	364,204	206,619	
15,936	414,891	132,347	-	132,347	547,238	475,771	
-	1,432	-	-	-	1,432	4,244	
184	10,003	-	-	-	10,003	14,271	
10	34,034	-	-	-	34,034	27,906	
-	25,009	-	-	-	25,009	37,656	
1,246	166,358	6	-	6	166,364	146,702	
5,106	322,730	245	144	389	323,119	274,773	
10	28,721	-	-	-	28,721	30,498	
-	-	-	-	-	-	713	
<u>46,573</u>	<u>3,436,628</u>	<u>153,750</u>	<u>49,240</u>	<u>202,990</u>	<u>3,639,618</u>	<u>3,164,382</u>	
279,941	15,094,300	1,359,508	49,240	1,408,748	16,503,048	15,301,828	
-	-	18,327	-	18,327	18,327	21,125	
<u>\$ 279,941</u>	<u>\$ 15,094,300</u>	<u>\$ 1,377,835</u>	<u>\$ 49,240</u>	<u>\$ 1,427,075</u>	<u>\$ 16,521,375</u>	<u>\$ 15,322,953</u>	

The accompanying notes are an integral part of these financial statements

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**COMMUNITY SERVICE PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations**

Community Service Programs, Inc. (the “Organization” or “CSP”), is a not-for-profit, human services organization managing assistance programs in the County of Orange, California in the areas of victim/witness assistance, youth services, youth shelter, gang prevention, outpatient, day treatment, and dispute resolution services. The Organization was originally incorporated on September 14, 1977 and is a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization operates the following programs.

Victim Assistance Programs

The after effects of a crime can be traumatic and devastating. The Victim/Witness Assistance Programs provide comfort, support, and resources in the aftermath of crime. From initial crisis intervention through follow-up support services, dedicated staff and volunteers meet the needs of more than 50,000 victims, their families, witnesses of crime, and community members in Orange County each year. The primary goals of the program are to advocate for victims’ rights, provide emergency assistance in the immediate aftermath of crime, provide on-going support to alleviate the trauma associated with crime, and ease the process of participation in the criminal justice system.

*Victim Advocates* are available at each Orange County Justice Center to provide crisis intervention services, emergency financial and resource assistance, support counseling, referral to and help in accessing community resources, support during criminal justice proceedings, and other services as required by individual circumstances.

*Sexual Assault Counselor Training* is a 48-hour training session for community members to increase their understanding of sexual assault. This state-certified training is a prerequisite for program volunteers.

Youth Development Programs

Youth development is a process that prepares a young person to meet the challenges of adolescence and adulthood and achieve his or her full potential. CSP’s Youth Development programs provide individual and comprehensive treatment and support services to strengthen family, peer, school and community relations for children and youth experiencing behavioral and emotional difficulties. Services are provided to specialized populations in Orange County involved with or at risk of involvement with the child welfare, juvenile justice, probation, and children’s mental health systems.

*Juvenile Diversion* provides individual or family counseling, and psycho-educational groups, to build communication, coping and decision making skills to increase positive family interactions and to promote responsible law abiding behavior for youth who have had or at risk of having contact with the juvenile justice system.

**COMMUNITY SERVICE PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Nature of Operations (Continued)**

*Youthful Offender Wraparound Full Service Partnership* provides culturally competent, in-home and community-based intensive case management, mental health rehabilitation, counseling, career and education coordination, housing resources, independent living skills training, crisis intervention, and psycho-educational support to youthful offenders who struggle with mental illness.

*Collaborative Courts Full Service Partnership* provides individual and specialized supports to juvenile court involved youth struggling with mental illness, truancy and substance use issues. These services teach and promote skills to improve self-efficacy and social competence for youth to be successful in school, employment, community, wellness and recovery.

*Gang Reduction Intervention Partnership (GRIP)* provides specialized case management services to this law-enforcement led partnership whose mission is to implement an evidence-based, collaborative approach to gang prevention, education, community building, and intervention and suppression activities to children and their families, who are at risk of gang involvement, truancy, school dropout and juvenile delinquency. CSP provides school-based violence reduction programming and community safety training that encourages character and leadership development and engages parents to access resources to overcome barriers, gang reduction, establishing communication networks with other parents, the school and the police.

*Project PATH (Positive Action Towards Health)* aims to create a safe and healthy Orange County by eliminating problems associated with tobacco use, underage drinking, prescription and over-the-counter drug abuse, impaired driving, and marijuana and methamphetamine abuse. Goals are achieved by collaborating with various community organizations to develop and implement prevention campaigns; and incorporating alcohol, tobacco and drug prevention strategies in businesses, schools, colleges and universities, faith and community-based organizations and health care sites.

**Youth Shelter Programs**

Growing up is challenging in the best of circumstances and can seem overwhelming when situations are adverse. Some children coming through the Shelter doors may simply be going through the normal process of striving for independence - pushing boundaries and making errors in judgment. Others are facing abuse in their homes or families undergoing severe emotional or financial stress. Still others have fallen into abuse of drugs or alcohol, become involved in gangs, or have serious emotional or behavioral problems. These are Orange County children and every year many run away or are displaced from their homes by families who simply can't cope with the problems they present.

**COMMUNITY SERVICE PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Nature of Operations (Continued)**

Huntington Beach Youth Shelter and Gang Prevention

The program provides a safe-haven for runaway, homeless and at-risk youth ages 11-17. The Shelter provides a caring and healing home for children where they receive the support they need and work on their future with the goal of reuniting with their family. Children struggling with homelessness are given emergency shelter, meals, 24-hour supervision, individual, group and family counseling, academic tutoring, prevention education and life skills development activities as well as aftercare services.

*Gang Prevention & Youth Development* provides alternatives to violence and gang involvement for youth and families in at-risk environments. A leader in preventative approaches, CSP equips young people with positive behavioral responses to threatening interactions, tools to resist gangs, conflict resolution techniques and life skills that will help them develop their potential.

Children's Crisis Residential Services

This is an innovative shelter program providing immediate care to teens struggling with mental health issues as an alternative to hospitalization. Youth are provided a caring and healing environment in order to recover from crisis situations, not just to survive, but to thrive after a suicide attempt or threat. A structured daily schedule of activities introduces problem solving techniques which they can utilize in family therapy. Parent education and positive communication are important pieces of the program.

Families First Mental Health Outpatient Program

This program provides individual, family, and group therapy services to low income children, adolescents and young adults suffering with mental health issues that impair their ability to function in their homes, schools and communities.

Dispute Resolution Services

Provides an effective, efficient, and voluntary process of conflict resolution in which a trained mediator guides disputants to a mutually satisfactory agreement. Mediators provide an alternative to formal small claims or civil harassment court procedures and can be helpful in conflict situations where individuals are unable to come to a resolution on their own. Mediations frequently deal with conflicts between neighbors, issues of dissatisfaction involving a consumer and a merchant, disputes between a landlord and a tenant, or other kinds of unresolved concerns involving parties that have a continuing business or personal relationships.

*Dispute Resolution Services Mediation Training* is a mediation-training program which helps professionals increase their conflict-resolution skills. CSP offers a 40-hour training for community members to increase their understanding of conflict resolution. This training is a prerequisite for program volunteers.

**COMMUNITY SERVICE PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Contributions are recognized as revenues in the period received. Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as prescribed for not-for-profit organizations by the Financial Accounting Standards Board (“FASB”). Accordingly, the net assets of the Organization are classified and reported as follows:

- Unrestricted net assets - consist of resources that generally result from revenue generated from providing services, interest on investments, and receiving contributions without donor restriction, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.
- Temporarily restricted net assets - consists of gifts of cash and other assets that were received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from program or capital restrictions.
- Permanently restricted net assets - consists of net assets that 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 has permanently restricted net assets of \$176,663 as of June 30, 2015 and 2014.

**Support and Revenue**

The Organization receives a substantial portion of its operating funds from federal, California State, and County of Orange grants which for the most part are awarded annually. These funds are deemed to be earned as reimbursable expenses are incurred. Revenues from City governments are received for juvenile diversion, gang prevention and care programs and are recognized when received.

**Accounts and Grants Receivable**

The Organization’s accounts and grants receivables are primarily reimbursements and fees from governmental agencies. They are based on services performed by the Organization as written under contractual agreements. Management believes the receivables are collectible, and thus no allowance has been recorded. The use of the allowance method does not differ materially from the direct write-off method.



**COMMUNITY SERVICE PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Program Service Expenses**

Program service expenses represent direct costs incurred by the Organization to provide services under the respective assistance programs which are generally reimbursable under the related grant agreements.

**Donated Services and Materials**

Donated materials and other noncash contributions are reflected in the accompanying statements at their estimated fair market value at the date of receipt. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis of deriving their value.

The Organization received donated services from a substantial number of volunteers who donated their time to the Organization's program and fundraising activities. None of the volunteer services provided to the Organization in these reporting periods met the criteria for recognition.

**Property, Plant, and Equipment**

Property, plant, and equipment are stated at cost, less accumulated depreciation if purchased or estimated fair value if donated. Maintenance and repairs are expensed as incurred. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, ranging from three to thirty years. Leasehold improvements are capitalized at cost and are amortized over the shorter of the lease term or the estimated useful life of the related asset. For the years ended June 30, 2015 and 2014, depreciation and amortization expense totaled \$18,327 and \$21,125, respectively.

**Long-Lived Assets and Asset Impairment**

The Organization accounts for impairment and disposition of long-lived assets in accordance with FASB Accounting Standards Codification ("ASC") 360-10, "*Property, Plant, and Equipment*." FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amount. There was no impairment of the value of such assets for the years ended June 30, 2015 and 2014.

**COMMUNITY SERVICE PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include petty cash funds and bank checking accounts used for operating purposes, and highly-liquid investments with maturities of three months or less.

**Investments**

Investments of the Organization are carried at market value in accordance with FASB ASC 958-320, "*Accounting for Certain Investments Held by Not-for-Profit Organizations.*" Net appreciation (depreciation) in the fair value of investments, which consists of the realized and unrealized gains or losses on those investments, is shown in the statements of activities and changes in net assets.

**Functional Allocation of Expenses**

The costs of providing the various programs and support services have been summarized on a functional basis in the statements of activities and changes in net assets and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**Use of Estimates**

The process of preparing financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Income Taxes**

The Organization is recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code and the corresponding state code and is classified as an organization other than private foundations. Accordingly, there is no provision for income taxes in the accompanying financial statements.

The Organization accounts for the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes*") ("FIN 48"), whereby an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The Organization does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits or any related interest or penalties. The Organization's 2012 to 2014 tax years are open to review for federal tax purposes and 2011 to 2014 tax years are open to review for state income tax purposes.

**COMMUNITY SERVICE PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Investment Valuation and Income Recognition**

The Organization's investments are stated at fair value at June 30, 2015 and 2014 and quoted market prices are used when applicable. Shares of mutual funds are valued at the net asset value of shares held by the Organization at year-end.

Purchases and sales of investments are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Capital gains and/or losses are reported the day after the trade date.

Net realized and unrealized activity appreciation (depreciation) is recorded in the accompanying statements of activities and changes in net assets. Brokerage fees are added to the acquisition costs of assets purchased and subtracted from the proceeds of assets sold.

**Note 2: Concentrations, Risks and Uncertainties**

The Organization maintains cash balances at multiple financial institutions. At June 30, 2015 and 2014, accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2015 and 2014, the Organization had \$1,526,826 and \$1,376,422, respectively, in uninsured cash at these institutions.

The Organization receives a substantial portion of its revenue from two contracting entities. During 2015 and 2014, revenue from these entities totaled \$6,565,475 and \$7,267,778, respectively. At June 30, 2015 and 2014, amounts due from these entities reflected in accounts receivable totaled \$626,373 and \$422,497, respectively.

**Note 3: Cash and Cash Equivalents**

Cash and cash equivalents at June 30, 2015 and 2014 comprised of the following:

	<u>2015</u>	<u>2014</u>
Demand Deposits	\$ 1,205,055	\$ 1,172,530
Money Market Accounts	<u>505,589</u>	<u>337,648</u>
Total Cash and Cash Equivalents	<u>\$ 1,710,644</u>	<u>\$ 1,510,178</u>

**COMMUNITY SERVICE PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 4: Property, Plant, and Equipment**

Property, plant, and equipment consist of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Land	\$ 209,000	\$ 209,000
Buildings	51,000	51,000
Building improvements	144,638	144,638
Equipment	<u>38,822</u>	<u>38,822</u>
Total property, plant, and equipment, at cost	443,460	443,460
Less: Accumulated depreciation and amortization	<u>(183,144)</u>	<u>(164,817)</u>
Property, Plant, and Equipment, at Net Book Value	<u>\$ 260,316</u>	<u>\$ 278,643</u>

**Note 5: Commitments and Contingencies**

**Line of Credit**

The Organization has an unsecured line of credit agreement with a financial institution providing for borrowings of up to \$750,000, expiring December 2015. The interest rate on the line of credit was 3.25 percent as of June 30, 2015. As of June 30, 2015 and 2014, there were no outstanding amounts borrowed against the line of credit.

**Operating Leases**

The Organization leases office space, equipment, and vehicles under non-cancelable operating leases expiring in March 2018. Minimum future rental payments under these non-cancelable operating leases for subsequent years ending June 30 are as follows:

<u>Years Ending</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
2016	\$ 483,767	\$ 10,712	\$ 10,318	\$ 504,797
2017	453,479	8,799	6,791	469,069
2018	352,662	583	-	353,245
2019	<u>72,505</u>	<u>-</u>	<u>-</u>	<u>72,505</u>
	<u>\$1,362,413</u>	<u>\$ 20,094</u>	<u>\$ 17,109</u>	<u>\$1,399,616</u>

Rent expense under these operating leases, for the years ended June 30, 2015 and 2014 totaled \$536,485 and \$461,999, respectively.

**Financial Assistance**

Financial assistance from federal, state, and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits as the amounts, if any, cannot be determined as of June 30, 2015 or 2014.

**COMMUNITY SERVICE PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 6: Employee Benefit Plan**

The Organization offers all employees who have completed at least twelve months of service the opportunity to participate in the defined contribution plan under Internal Revenue Code Section 401(k). Under the provisions of the plan, employees may elect to defer any amount of their pretax annual compensation within IRS limits, as defined in the plan. All eligible employees are given 3 percent of their salary to their 401(k) account, and employees contributing 1 percent or more will be matched with 1 percent, with a total contribution by the Organization up to 4 percent of each eligible employee's salary. For the years ended June 30, 2015 and 2014, the Organization made matching contributions to the plan of \$317,682 and \$313,026, respectively.

**Note 8: Net Assets Released from Restriction**

The following net assets that were released from restriction for the years ended June 30, 2015 and 2014 are:

	<u>2015</u>	<u>2014</u>
Satisfaction of program restrictions:		
Gang Victim Program	\$ -	\$ 1,352
ACT - OCCF	151,588	-
Health and Domestic Violence	932	-
Sexual Assault Program	10,991	3,216
OCCF – Mock Foundation	3,669	-
Contribution Timing Restrictions	37,500	-
St. Joseph Healthcare System	11,645	-
Endowment Fund	<u>5,305</u>	<u>3,216</u>
 Total net assets released from restriction	 <u>\$ 221,630</u>	 <u>\$ 4,568</u>

**Note 9: Net Assets**

	<u>2015</u>	<u>2014</u>
Unrestricted Net Assets		
Land, building, and equipment, Net	\$ 260,316	\$ 278,643
Court directed Victim Assistance Programs	1,246,174	1,270,758
Undesignated - available for programs	<u>985,457</u>	<u>785,317</u>
 Total Unrestricted Net Assets	 <u>2,491,947</u>	 <u>2,334,718</u>

**COMMUNITY SERVICE PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 9: Net Assets (Continued)**

Temporarily Restricted Net Assets		
ACT Anaheim	198,411	175,000
Contributions timing restrictions	-	37,500
Endowment fund	92,708	93,504
Gang victim program	9,367	9,367
Health and Domestic Violence	114,273	-
OCCF – Mock Foundation	3,831	-
Shelter building fund	59,873	59,873
Shelter program	132,882	132,882
Sexual assault program	25,085	21,838
St. Joseph Healthcare System	13,355	-
Whitney Young Children’s Foundation	<u>5,000</u>	<u>-</u>
 Total Temporarily Restricted Net Assets	 <u>654,785</u>	 <u>529,964</u>
 Permanently Restricted Net Assets:		
Endowment Fund	<u>176,663</u>	<u>176,663</u>
 Total Permanently Restricted Net Assets	 <u>176,663</u>	 <u>176,663</u>
 Total Net Assets	 <u>\$ 3,323,395</u>	 <u>\$ 3,041,345</u>

**Note 10: Endowment Fund**

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including unrestricted investment funds designated by the Board of Directors to be included in the endowment funds, are classified and reported based on existence or absence of donor-imposed restrictions. Through December 31, 2007, the Organization’s management and investment of donor-restricted endowment funds were subject to the provision of the Uniform Management of Institutional Funds Act (UMIFA). In 2006, the Uniform Law Commission approved the model act, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which serves as a guideline to state the use in enacting legislation. Among UPMIFA’s most significant changes is the elimination of UMIFA’s important concept of historic dollar value threshold, the amount below which an organization could not spend from the donor-restricted endowment fund in favor of a more robust set of guidelines about what constitutes prudent spending.

**COMMUNITY SERVICE PROGRAMS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**Note 10: Endowment Fund (Continued)**

In 2008, the State of California enacted UPMIFA, the provisions of which apply to endowment funds existing on or established after that date. Based on its interpretation of the provisions of UPMIFA, the Organization is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original value of gifts with donor-imposed restrictions that such funds be retained as a permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In achieving the objectives, the Organization's primary investment mission is to preserve principal and to provide income to help sustain the Organization's programs in future years.

The following is the endowment net asset composition as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ <u>          -</u>	\$ <u>  92,708</u>	\$ <u> 176,663</u>	\$ <u> 269,371</u>

The following is the endowment net asset composition as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ <u>          -</u>	\$ <u>  93,504</u>	\$ <u> 176,663</u>	\$ <u> 270,167</u>

**Note 11: Fair Value Measurements**

The Organization follows the requirement for the disclosure of fair value measurements in accordance with a three-level valuation hierarchy. The valuation hierarchy is based upon the transparency of inputs in the valuation of an asset as of the measurement date. The three levels are defined as follows:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

**COMMUNITY SERVICE PROGRAMS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 11: Fair Value Measurements (Continued)**

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Organization's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

Fair value as of June 30, 2015 was determined as follows:

	Quoted Prices in Active Markets	Based On Other Observable Inputs	Unobservable Inputs
Bond Funds	\$ 28,777	\$ -	\$ -
Equity Funds	163,636	-	-
Mutual Funds	<u>68,104</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 260,517</u>	<u>\$ -</u>	<u>\$ -</u>

Fair value as of June 30, 2014 was determined as follows:

	Quoted Prices in Active Markets	Based On Other Observable Inputs	Unobservable Inputs
Bond Funds	\$ 102,443	\$ -	\$ -
Equity Funds	141,498	-	-
Mutual Funds	<u>24,636</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 268,577</u>	<u>\$ -</u>	<u>\$ -</u>

Unrealized gains (loss) of (\$3,164) and \$26,314 for June 30, 2015 and 2014 included in earnings are reported in the Statement of Activities and Changes in Net Assets.

**Note 12: Subsequent Events**

Events occurring after June 30, 2015 have been evaluated for possible adjustment to the financial statements or disclosure as of November 30, 2015, which is the date the financial statements were available to be issued.



**COMMUNITY SERVICE PROGRAMS, INC.**

**SINGLE AUDIT OF FEDERAL AND SELECTED STATE ASSISTED  
GRANT PROGRAMS**

**JUNE 30, 2015**

COMMUNITY SERVICE PROGRAMS, INC.

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COMMUNITY SERVICE PROGRAMS, INC.

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

Board of Directors  
Community Service Programs, Inc.  
Santa Ana, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Community Service Programs, Inc. (a nonprofit organization) (the "Organization"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated November 30, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (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 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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control 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 the Organization'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.

We noted certain other matters that we have reported to management and the Board of Directors in a separate letter dated November 30, 2015.

## **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.

*White Nelson Dick Evans LLP*

Irvine, California  
November 30, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL, SELECTED STATE, AND OTHER AWARDS PROGRAMS AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND  
THE UNIFORM GUIDANCE AND ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL, SELECTED STATE, AND OTHER AWARDS PROGRAMS

Board of Directors  
Community Service Programs, Inc.  
Santa Ana, California

**Report on Compliance for Each Major Federal, Selected State and Other Awards Program**

We have audited the Community Service Programs, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the Uniform Guidance that could have a direct and material effect on each of the Organization's major federal, selected state and other awards programs for the year ended June 30, 2015. The Organization's major federal, selected state and other awards programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of federal statutes, regulations, contracts and grants applicable to its federal and selected state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal, selected state and other awards 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; the OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* 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, selected state or other awards 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, selected state and other awards program. However, our audit does not provide a legal determination of the Organization's compliance.

### **Opinion on Each Major Federal, Selected State and Other Awards 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, selected state and other awards programs for the year ended June 30, 2015.

### **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, selected state or other awards 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, selected state, and other awards program and to test and report on internal control over compliance in accordance with 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, selected state or other awards 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, selected state or other awards 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, selected state or other awards 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 finding numbers 2015-01 through 2015-03, that we consider to be significant deficiencies.

The Organization's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's responses were subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 OMB Circular A-133 and the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal, Selected State and Other Awards Required by OMB Circular A-133**

We have audited the financial statements of the Organization as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements. We issued our report thereon dated November 30, 2015, which contained unmodified opinions on those financial statements. 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, selected state, and other awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. The supplemental schedules are also presented for purposes of additional analysis and are 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 schedule of expenditures of federal, selected state and other awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

*White Nelson Dickel Evans LLP*

Irvine, California  
November 30, 2015



COMMUNITY SERVICE PROGRAMS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL, SELECTED STATE,  
AND OTHER AWARDS

For the year ended June 30, 2015

Federal Grantor/Pass - Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grant Identification Number	Federal Expenditures
<u>United States Department of Health and Human Services</u>			
Direct Assistance:			
Runaway and Homeless Youth Program	93.623	90CY2578-03-00	\$ 45,088
Faith Coalition	93.276	5H79SP014793-07	72,921
Faith Coalition	93.276	5H79SP014793-06	36,787
Passed-through the County of Orange:			
Substance Abuse Prevention and Treatment Block Grant:			
Faith Based Project	93.959	N/A	93,234
Prevention Project Services - Prescriptions and OCT Drug Abuse - SAPT	93.959	N/A	295,641
Prevention Project Services - AOD Impaired Driving - SAPT	93.959	N/A	307,328
Passed-through the State of California:			
California Governor's Office of Emergency Services (Cal OES)			
Promoting Safe and Stable Families			
Victims of Abuse	93.556	AT14110300	57,030
Victims of Abuse - sub recipient payments	93.556	AT14110300	166,943
Victims of Abuse	93.556	AT13100300	26,348
Victims of Abuse - sub recipient payments	93.556	AT13100300	69,902
Preventative Health and Health Services Block Grant			
Sexual Assault Services Program - North County	93.991	RC 13331039	59,197
Sexual Assault Services Program - North County	93.991	RC 14341039	258,816
Sexual Assault Services Program - South County	93.991	RC 13191039	52,928
Sexual Assault Services Program - South County	93.991	RC 14201039	170,742
Children's Justice Act			
Human Trafficking of Minors, Law Enforcement and First Responder Training	96.643	HM14061039	210,231
Human Trafficking of Minors, Law Enforcement and First Responder Training - subrecipient payments	96.643	HM14061039	40,736
Human Trafficking of Minors, Law Enforcement and First Responder Training	96.643	HM13051039	120,546
Human Trafficking of Minors, Law Enforcement and First Responder Training - subrecipient payments	96.643	HM13051039	48,373
Department of Alcohol and Drug Programs			
California Strategic Prevention Framework State Incentive Grant (SPF SIG) - Huntington Beach	93.243	SPF SIG 12-11	85,889
California Strategic Prevention Framework State Incentive Grant (SPF SIG) - Huntington Beach	93.243	N/A	38,548
Total U.S. Department of Health and Health Services			<u>2,257,228</u>
<u>United States Department of Justice</u>			
Direct Assistance:			
Services for Trafficking Victims	16.320	2014-VT-BX-K004	14,684
Services for Trafficking Victims	16.320	2012-VT-BX-K017	225,125

See Accompanying Notes to Schedule of Expenditures of Federal, Selected State, and Other Awards (page 9).

COMMUNITY SERVICE PROGRAMS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL, SELECTED STATE,  
AND OTHER AWARDS (CONTINUED)

For the year ended June 30, 2015

Federal Grantor/Pass - Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grant Identification Number	Federal Expenditures
<u>United States Department of Justice (Continued)</u>			
Passed-through the County of Orange:			
Domestic Violence Victim Services	16.588	N1000009934	\$ 21,043
Domestic Violence Victim Services	16.588	N1000009934	48,476
Passed through the Regent of California (University), Violence Against Women:			
UC Irvine Safe Campus Anti-Violence Project	16.525	2011-WA-AX-0014	24,137
UC Irvine Safe Campus Anti-Violence Project	16.525	2014-WA-AX-0007	13,803
Passed through the State of California:			
California Emergency Management Agency (Cal EMA)			
Crime Victim Assistance:			
Victim/Witness Assistance Program	16.575	VW14330300	772,791
Sexual Assault Services Program - North County	16.575	RC 13331039	57,045
Sexual Assault Services Program - North County	16.575	RC 14341039	318,046
Sexual Assault Services Program - South County	16.575	RC 13191039	54,083
Sexual Assault Services Program - South County	16.575	RC 14201039	209,488
Comprehensive Treatment Services to Children:			
Victims of Abuse	16.575	FCE1411	20,990
Victims of Abuse - subrecipient payments	16.575	FCE1411	19,409
Victims of Abuse	16.575	FSD1411	7,093
Victims of Abuse - subrecipient payments	16.575	FSD1411	5,067
Unserviced/Underserved Victims Advocacy & Outreach Program - South County	16.575	UV13040300	33,156
Unserviced/Underserved Victims Advocacy & Outreach Program - South County	16.575	UV14050300	117,492
Unserviced/Underserved Victims Advocacy & Outreach Program - South County	16.575	UV13041039	36,161
Unserviced/Underserved Victims Advocacy & Outreach Program - South County	16.575	UV14051039	115,654
Human Trafficking Advocacy Program (HA)	16.575	HA14010300	22,154
Emergency Management:			
Department of Emergency Management - Violence against Women Vertical Prosecution Program	16.588	VV10020300	17,793
Passed through the City of Huntington Beach and the Children's Bureau:			
Violence Against Women Formula Grants			
Domestic Violence Victim Services	16.588	N/A	43,344
Domestic Violence Victim Services	16.588	N/A	43,102
Total U.S. Department of Justice			<u>2,240,136</u>

See Accompanying Notes to Schedule of Expenditures of Federal, Selected State, and Other Awards (page 9).

COMMUNITY SERVICE PROGRAMS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL, SELECTED STATE,  
AND OTHER AWARDS (CONTINUED)

For the year ended June 30, 2015

Federal Grantor/Pass - Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grant Identification Number	Federal Expenditures
<u>United States Department of Housing and Urban Development</u>			
Passed through the City of Fountain Valley:			
Community Development Block Grant	14.218	N/A	\$ 5,316
Total U.S. Department of Housing and Urban Development			<u>5,316</u>
TOTAL FEDERAL AWARDS			<u>4,502,680</u>
<u>Selected State Awards</u>			
Passed through the State of California:			
County of Orange Health Care Agency			
Collaborative Counts Full Service Partnership	N/A	N/A	2,207,934
Youthful Offenders	N/A	N/A	2,040,191
CRP	N/A	N/A	2,329,358
California Governor's Office of Emergency Services (Cal OES)			
Crime Victim Assistance	N/A	VW14330300	499,419
<u>Other</u>			
County of Orange:			
Dispute Resolution Program	N/A	N/A	298,466
Families First	N/A	N/A	<u>613,496</u>
TOTAL SELECTED STATE AWARDS AND OTHER AWARDS			<u>7,988,864</u>
TOTAL FEDERAL AND SELECTED STATE AWARDS AND OTHER AWARDS			<u>\$ 12,491,544</u>

See Accompanying Notes to Schedule of Expenditures of Federal, Selected State, and Other Awards (page 9).

**SCHEDULE OF EXPENDITURES OF FEDERAL,  
SELECTED STATE, AND OTHER AWARDS,  
SUPPLEMENTAL SCHEDULES**

**AND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

COMMUNITY SERVICE PROGRAMS, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL, SELECTED  
STATE, AND OTHER AWARDS

For the year ended June 30, 2015

1. BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal, Selected State, and Other Awards only presents the activity of federal and applicable state and other award programs of Community Service Programs, Inc. (the Organization) and, therefore, does not present the financial position or results of operations of the Organization. The information in this schedule is presented under the accrual basis of accounting in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

2. RELATIONSHIP TO FINANCIAL STATEMENTS:

Amounts reported in the accompanying Schedule of Expenditures of Federal, Selected State, and Other Awards agree to amounts reported within the Organization's Financial Statements.

3. RELATIONSHIP TO FEDERAL, STATE AND COUNTY FINANCIAL REPORTS:

Amounts reported in the accompanying Schedule of Expenditures of Federal Selected State, and Other Awards agree with amounts reported in federal, state and county financial reports.

4. CONTINGENCIES:

Under the terms of federal, state and county grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

5. SUBRECIPIENTS:

During the fiscal year ended June 30, 2015, the Organization disbursed Federal Funds of \$24,476 to subrecipients under the United States Department of Justice Grant Program (CFDA #16.575), \$236,845 under the United States Department of Health and Human Services Grant Program (CFDA #93.556), and \$89,109 under the United States Department of Health and Human Services Grant Program (CFDA #96.643).

## COMMUNITY SERVICE PROGRAMS, INC.

**Victim/Witness Assistance, Gang Victim Services and Unserved/  
Underserved Victims Advocacy and Outreach Programs  
Funded by the California Emergency Management Agency (Cal OES)**

**Statement of Costs Claimed and Accepted**

Year ended June 30, 2015

	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>VW14330300</u>			
<u>July 1, 2014 through June 30, 2015</u>			
Personal services	\$ 1,163,028	\$ 1,163,028	\$ -
Operating expenses	<u>109,182</u>	<u>109,182</u>	<u>-</u>
Total	<u>\$ 1,272,210</u>	<u>\$ 1,272,210</u>	<u>\$ -</u>
	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>UV13041039</u>			
<u>October 1, 2013 through September 30, 2014</u>			
Personal services	\$ 28,977	\$ 28,977	\$ -
Personal services (match in-kind)	5,551	5,551	-
Operating expenses	1,614	1,614	-
Operating expenses (match in-kind)	<u>350</u>	<u>350</u>	<u>-</u>
Total	<u>\$ 36,492</u>	<u>\$ 36,492</u>	<u>\$ -</u>
	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>UV14051039</u>			
<u>October 1, 2014 through March 31, 2016</u>			
Personal services	\$ 82,760	\$ 82,760	\$ -
Personal services (match in-kind)	17,802	17,802	-
Operating expenses	5,170	5,170	-
Operating expenses (match in-kind)	<u>8,925</u>	<u>8,925</u>	<u>-</u>
Total	<u>\$ 114,657</u>	<u>\$ 114,657</u>	<u>\$ -</u>

**COMMUNITY SERVICE PROGRAMS, INC.**

**Gang Victim Services and Sexual Assault Services Programs  
Funded by the California Emergency Management Agency (Cal OES)**

**Statement of Costs Claimed and Accepted**

Year ended June 30, 2015

	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>UV13040300</u>			
<u>October 1, 2013 through September 30, 2014</u>			
Personal services	\$ 25,567	\$ 25,567	\$ -
Personal services (match in-kind)	5,338	5,338	-
Operating expenses	2,242	2,242	-
Operating expenses (match in-kind)	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 33,147</u>	<u>\$ 33,147</u>	<u>\$ -</u>

	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>UV14050300</u>			
<u>October 1, 2014 through March 31, 2016</u>			
Personal services	\$ 81,778	\$ 81,778	\$ -
Personal services (match in-kind)	21,954	21,954	-
Operating expenses	9,279	9,279	-
Operating expenses (match in-kind)	4,500	4,500	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 117,511</u>	<u>\$ 117,511</u>	<u>\$ -</u>

	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>RC13331039</u>			
<u>September 1, 2014 through August 31, 2015</u>			
Personal services	\$ 51,658	\$ 51,658	\$ -
Personal services (match in-kind)	-	-	-
Operating expenses	7,539	7,539	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 59,197</u>	<u>\$ 59,197</u>	<u>\$ -</u>

## COMMUNITY SERVICE PROGRAMS, INC.

**Sexual Assault Victim Services Program  
Funded by the California Emergency Management Agency (Cal OES)**

**Statement of Costs Claimed and Accepted**

Year ended June 30, 2015

	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>RC14341039</u>			
<u>September 1, 2014 through August 31, 2015</u>			
Personal services	\$ 223,110	\$ 223,110	\$ -
Personal services (match in-kind)	57,440	57,440	-
Operating expenses	<u>35,976</u>	<u>35,976</u>	<u>-</u>
 Total	 <u>\$ 316,526</u>	 <u>\$ 316,526</u>	 <u>\$ -</u>
	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>RC13191039</u>			
<u>September 1, 2014 through August 31, 2015</u>			
Personal services	\$ 47,620	\$ 47,620	\$ -
Personal services (match in-kind)	2,352	2,352	-
Operating expenses	<u>5,308</u>	<u>5,308</u>	<u>-</u>
 Total	 <u>\$ 55,280</u>	 <u>\$ 55,280</u>	 <u>\$ -</u>
	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>RC14201039</u>			
<u>September 1, 2014 through August 31, 2015</u>			
Personal services	\$ 148,027	\$ 148,027	\$ -
Personal services (match in-kind)	38,020	38,020	-
Operating expenses	<u>22,715</u>	<u>22,715</u>	<u>-</u>
 Total	 <u>\$ 208,762</u>	 <u>\$ 208,762</u>	 <u>\$ -</u>



**COMMUNITY SERVICE PROGRAMS, INC.**

**Victims of Abuse and Gang Victim Services - Special Victim Programs  
Funded by the California Emergency Management Agency (Cal OES)**

**Statement of Costs Claimed and Accepted**

Year ended June 30, 2015

	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>AT13100300</u>			
<u>October 1, 2013 thru September 30, 2014</u>			
Comprehensive Treatment Services to Children	\$ 33,986	\$ 33,986	\$ -
Comprehensive Treatment Services to Children passed- thru	<u>74,969</u>	<u>74,969</u>	<u>-</u>
Total	<u>\$ 108,955</u>	<u>\$ 108,955</u>	<u>\$ -</u>

	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>AT14110300</u>			
<u>October 1, 2014 thru September 30, 2015</u>			
Comprehensive Treatment Services to Children	\$ 77,914	\$ 77,914	\$ -
Promoting Safe and Stable Families - Passed-thru	<u>186,352</u>	<u>186,352</u>	<u>-</u>
Total	<u>\$ 264,266</u>	<u>\$ 264,266</u>	<u>\$ -</u>

## COMMUNITY SERVICE PROGRAMS, INC.

**Human Trafficking of Minors, Law Enforcement and First Responder Training  
Funded by the California Emergency Management Agency (Cal OES)**

**Statement of Costs Claimed and Accepted**

Year ended June 30, 2015

	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>HM13051039</u>			
<u>October 1, 2013 through September 31, 2014</u>			
Personal services	\$ 71,367	\$ 71,367	\$ -
Operating expenses	<u>103,258</u>	<u>103,258</u>	<u>-</u>
Total	<u>\$ 174,625</u>	<u>\$ 174,625</u>	<u>\$ -</u>
	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>HM14061039</u>			
<u>October 1, 2014 through November 30, 2015</u>			
Personal services	\$ 113,852	\$ 113,852	\$ -
Operating expenses	<u>129,503</u>	<u>129,503</u>	<u>-</u>
Total	<u>\$ 243,355</u>	<u>\$ 243,355</u>	<u>\$ -</u>

**COMMUNITY SERVICE PROGRAMS, INC.**

**Human Trafficking Advocacy Program (HA)  
Funded by the California Emergency Management Agency (Cal OES)**

**Statement of Costs Claimed and Accepted**

Year ended June 30, 2015

	<u>Costs per Claims</u>	<u>Costs Accepted</u>	<u>Costs Questioned</u>
<u>HA14010300</u>			
<u>October 1, 2014 through September 31, 2015</u>			
Personal services	\$ 8,114	\$ 8,114	\$ -
Operating expenses	<u>853</u>	<u>853</u>	<u>-</u>
Total	<u>\$ 8,967</u>	<u>\$ 8,967</u>	<u>\$ -</u>

COMMUNITY SERVICE PROGRAMS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2015

1. SUMMARY OF AUDITORS' RESULTS:

*Financial Statements*

Type of auditor report issued:

- Unmodified

Internal control over financial reporting:

- Material weakness identified?                    \_\_\_ yes                      x   no
- Significant deficiency identified?                \_\_\_ yes                      x   none reported

Noncompliance material to financial statements noted:    \_\_\_ yes                      x   no

*Federal Awards:*

Internal control over major programs:

- Material weakness identified?                    \_\_\_ yes                      x   no
- Significant deficiency identified?                  x   yes                    \_\_\_ none reported

Type of auditor report issued on compliance for major programs:

- Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

\_\_\_ yes                      x   no

Identification of major programs:

CFDA Number  
16.575

Name of Federal Program or Cluster  
United States Department of Justice, Passed Through the State of California, CalEMA, Crime Victim Assistance Grants

CFDA Number  
93.959

Name of Federal Program or Cluster  
United States Department of Health and Health Services, Passed Through the County of Orange, Substance Abuse Prevention and Treatment Block Grants

COMMUNITY SERVICE PROGRAMS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

For the year ended June 30, 2015

1. SUMMARY OF AUDITORS' RESULTS (CONTINUED):

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
96.643	United States Department of Health and Human Service, Passed Through the State of California, Cal OES, Children's Justice Act Grants
93.556	United States Department of Health and Human Service, Passed Through the State of California, Cal OES, Promoting Safe and Stable Families
16.320	United States Department of Justice, Direct Assistance, Services for Trafficking Victims

Dollar threshold used to distinguish  
between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

yes       no

COMMUNITY SERVICE PROGRAMS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

For the year ended June 30, 2015

2. FINDINGS - FINANCIAL STATEMENT AUDIT:

No findings noted in the current year.

COMMUNITY SERVICE PROGRAMS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

For the year ended June 30, 2015

3. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT:

Finding Number 2015-01: Substance Abuse Prevention and Treatment Block Grant - CFDA 93.959

Criteria

OMB Circular A-122 Section (8)(m) provides that where employees time is charged to federal awards, distribution of salaries and wages must be supported by personnel activity reports. The reports must be prepared on a monthly basis and reflect an after-the-fact determination of the actual activity of each employee. The reports must also account for the total activity for which employees are compensated and are required to fulfill as a part of their obligation to the Organization, and must be signed by the individual employee or supervisor. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.

Condition

We tested a sample of payroll employees whose time was charged to the grant program to determine the Organization's compliance with the proper reporting and documentation of after-the-fact determination of actual activity. We found that for the fiscal year ended June 30, 2015, the Organization did not prepare reports that reflected an after-the-fact determination of the actual activity of each employee whose time was charged to a Federal award.

Cause

The Organization has not established a process of tracking time spent on this program based on an after-the-fact determination of actual activity of each employee.

Effect

A portion of the time charged to the program was based on a budgeted allocation of employees time spent.

Recommendation

We recommend the Organization improve their controls over distribution of salaries and wages. At the end of each grant period, the Organization should prepare a report to determination the actual amount of employee's time spent on the grant their time is charged to.

Management Response

The Organization is currently developing a plan to phase into the 10% de minimis indirect cost rate under the Uniform Guidance 2 C.F.R. 200.414 to be applied to the modified total direct costs (MTDC).

COMMUNITY SERVICE PROGRAMS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

For the year ended June 30, 2015

3. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT  
(CONTINUED):

Finding Number 2015-02: Children's Justice Act - Human Trafficking of Minors, Law Enforcement and First Responder Training Grants - CFDA 96.643

Criteria

OMB Circular A-122 Section (8)(m) provides that where employees time is charged to federal awards, distribution of salaries and wages must be supported by personnel activity reports. The reports must be prepared on a monthly basis and reflect an after-the-fact determination of the actual activity of each employee. The reports must also account for the total activity for which employees are compensated and are required to fulfill as a part of their obligation to the Organization, and must be signed by the individual employee or supervisor. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.

Condition

We tested a sample of payroll employees whose time was charged to the grant program to determine the Organization's compliance with the proper reporting and documentation of after-the-fact determination of actual activity. We found that for the fiscal year ended June 30, 2015, the Organization did not prepare reports that reflected an after-the-fact determination of the actual activity of each employee whose time was charged to a Federal award.

Cause

The Organization has not established a process of tracking time spent on this program based on an after-the-fact determination of actual activity of each employee.

Effect

A portion of the time charged to the program was based on a budgeted allocation of employees time spent.

Recommendation

We recommend the Organization improve their controls over distribution of salaries and wages. At the end of each grant period, the Organization should prepare a report to determination the actual amount of employee's time spent on the grant their time is charged to.

Management Response

The Organization is currently developing a plan to phase into the 10% de minimis indirect cost rate under the Uniform Guidance 2 C.F.R. 200.414 to be applied to the modified total direct costs (MTDC).



COMMUNITY SERVICE PROGRAMS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

For the year ended June 30, 2015

3. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT  
(CONTINUED):

Finding Number 2015-03: Crime Victim Assistance Grants - CFDA 16.575

Criteria

OMB Circular A-122 Section (8)(m) provides that where employees time is charged to federal awards, distribution of salaries and wages must be supported by personnel activity reports. The reports must be prepared on a monthly basis and reflect an after-the-fact determination of the actual activity of each employee. The reports must also account for the total activity for which employees are compensated and are required to fulfill as a part of their obligation to the Organization, and must be signed by the individual employee or supervisor. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.

Condition

We tested a sample of payroll employees whose time was charged to the grant program to determine the Organization's compliance with the proper reporting and documentation of after-the-fact determination of actual activity. We found that for the fiscal year ended June 30, 2014, the Organization did not prepare reports that reflected an after-the-fact determination of the actual activity of each employee whose time was charged to a Federal award.

Cause

The Organization has not established a process of tracking time spent on this program based on an after-the-fact determination of actual activity of each employee.

Effect

A portion of the time charged to the program was based on a budgeted allocation of employees time spent.

Recommendation

We recommend the Organization improve their controls over distribution of salaries and wages. At the end of each grant period, the Organization should prepare a report to determination the actual amount of employee's time spent on the grant their time is charged to.

Management Response

The Organization is currently developing a plan to phase into the 10% de minimis indirect cost rate under the Uniform Guidance 2 C.F.R. 200.414 to be applied to the modified total direct costs (MTDC).

COMMUNITY SERVICE PROGRAMS, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended June 30, 2014

MAJOR FEDERAL AWARD PROGRAM AUDIT

Finding Number 2014-02: Substance Abuse Prevention and Treatment Block Grant - CFDA 93.959

Criteria

OMB Circular A-122 Section (8)(m) provides that where employees time is charged to Federal awards, distribution of salaries and wages to award must be supported by personnel activity reports. The reports must be prepared on a monthly basis and reflect an after-the-fact determination of the actual activity of each employee must account for the total activity for which employees are compensated and is required in fulfillment of their obligations to the organization, and must be signed by the individual employee or supervisor. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.

We tested a sample of payroll employees whose time was charged to the grant program to determine the Organization's compliance with the proper reporting and documentation of after-the-fact determination of actual activity. We found that for the fiscal year ended June 30, 2014, the Organization did not prepare reports that reflected an after-the-fact determination of the actual activity of each employee whose time was charged to a Federal award.

Recommendation

We recommend the Organization improve their controls over distribution of salaries and wages. At the end of each grant period, the Organization should prepare a report to determination the actual amount of employee's time spent on the grant their time is charged to.

Current Status

This finding was repeated in fiscal year 2014-2015. See finding number 2015-01.

COMMUNITY SERVICE PROGRAMS, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
(CONTINUED)

For the year ended June 30, 2014

Finding Number 2014-03: Children's Justice Act - Human Trafficking of Minors, Law Enforcement and First Responder Training Grants - CFDA 96.643

Criteria

OMB Circular A-122 Section (8)(m) provides that where employees time is charged to Federal awards, distribution of salaries and wages to award must be supported by personnel activity reports. The reports must be prepared on a monthly basis and reflect an after-the-fact determination of the actual activity of each employee must account for the total activity for which employees are compensated and is required in fulfillment of their obligations to the organization, and must be signed by the individual employee or supervisor. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.

We tested a sample of payroll employees whose time was charged to the grant program to determine the Organization's compliance with the proper reporting and documentation of after-the-fact determination of actual activity. We found that for the fiscal year ended June 30, 2014, the Organization did not prepare reports that reflected an after-the-fact determination of the actual activity of each employee whose time was charged to a Federal award.

Current Status

This finding was repeated in fiscal year 2014-2015. See finding number 2015-02.

COMMUNITY SERVICE PROGRAMS, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
(CONTINUED)

For the year ended June 30, 2014

Finding Number 2014-04: Crime Victim Assistance Grants - CFDA 16.575

Criteria

OMB Circular A-122 Section (8)(m) provides that where employees time is charged to Federal awards, distribution of salaries and wages to award must be supported by personnel activity reports. The reports must be prepared on a monthly basis and reflect an after-the-fact determination of the actual activity of each employee must account for the total activity for which employees are compensated and is required in fulfillment of their obligations to the organization, and must be signed by the individual employee or supervisor. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.

We tested a sample of payroll employees whose time was charged to the grant program to determine the Organization's compliance with the proper reporting and documentation of after-the-fact determination of actual activity. We found that for the fiscal year ended June 30, 2014, the Organization did not prepare reports that reflected an after-the-fact determination of the actual activity of each employee whose time was charged to a Federal award.

Current Status

This finding was repeated in fiscal year 2014-2015. See finding number 2015-03.