



**(A California Nonprofit Public Benefit Corporation)**

**Financial Statements**

**June 30, 2021 and 2020**

# SENECA FAMILY OF AGENCIES

## Table of Contents

June 30, 2021 and 2020

|                                                                                                                                                                                                                           | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditors' Report                                                                                                                                                                                              | 1-2         |
| Financial Statements                                                                                                                                                                                                      |             |
| Statements of Financial Position                                                                                                                                                                                          | 3           |
| Statements of Activities and Changes in Net Assets                                                                                                                                                                        | 4-5         |
| Statements of Functional Expenses                                                                                                                                                                                         | 6-7         |
| Statements of Cash Flows                                                                                                                                                                                                  | 8           |
| Notes to Financial Statements                                                                                                                                                                                             | 9-28        |
| Supplementary Information                                                                                                                                                                                                 |             |
| Schedule of Expenditures of Alameda County Grants                                                                                                                                                                         | 29          |
| Schedule of Expenditures of Federal and Nonfederal Awards                                                                                                                                                                 | 30-31       |
| 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 <i>Government Auditing Standards</i> | 32-33       |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance                                                                                | 34-35       |
| Schedule of Findings and Questioned Costs                                                                                                                                                                                 | 36          |



## **Independent Auditors' Report**

To the Audit Committee  
Seneca Family of Agencies

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Seneca Family of Agencies (a California non-profit public benefit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seneca Family of Agencies as of June 30, 2021 and 2020, 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 Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and nonfederal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of Alameda County grants is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental fair value information in Note 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of Seneca Family of Agencies' 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 Seneca Family of Agencies' internal control over financial reporting compliance.

A handwritten signature in black ink that reads "Gilmore & Associates LLP". The script is cursive and fluid, with the letters "G", "A", and "L" being particularly large and stylized.

San Mateo, California  
December 10, 2021

# SENECA FAMILY OF AGENCIES

## Statements of Financial Position

June 30, 2021 and 2020

|                                     | 2021                  | 2020                  |
|-------------------------------------|-----------------------|-----------------------|
| <b>Assets</b>                       |                       |                       |
| <b>Current assets</b>               |                       |                       |
| Cash and cash equivalents           | \$ 21,601,425         | \$ 31,657,922         |
| Investments                         | 10,458,879            | 360,727               |
| Accounts receivable:                |                       |                       |
| Government agencies                 | 24,855,871            | 21,782,324            |
| Other                               | 1,487,673             | 696,847               |
| Prepaid expenses                    | 1,219,156             | 1,003,769             |
|                                     | <u>59,623,004</u>     | <u>55,501,589</u>     |
| <b>Property and equipment - net</b> |                       |                       |
| Held and used                       | 53,533,529            | 53,424,734            |
| Held for sale                       | 329,085               | 2,427,701             |
|                                     | <u>53,862,614</u>     | <u>55,852,435</u>     |
| <b>Other assets</b>                 |                       |                       |
| Deposits                            | 1,825,369             | 1,719,553             |
| Other                               | 45,200                | 45,200                |
|                                     | <u>1,870,569</u>      | <u>1,764,753</u>      |
|                                     | <u>\$ 115,356,187</u> | <u>\$ 113,118,777</u> |
| <b>Liabilities and Net Assets</b>   |                       |                       |
| <b>Liabilities</b>                  |                       |                       |
| <b>Current liabilities</b>          |                       |                       |
| Accounts payable                    | \$ 1,441,477          | \$ 1,379,527          |
| Accrued liabilities                 | 16,706,455            | 13,908,838            |
| Line of credit                      | 1,206,970             | -                     |
| Reserves                            | 1,037,249             | 958,864               |
| Overpayments                        | 9,555,801             | 5,508,278             |
| Refundable advances                 | 4,475,438             | 5,489,305             |
| Bonds payable                       | 822,611               | 1,332,142             |
|                                     | <u>35,246,001</u>     | <u>28,576,954</u>     |
| <b>Long term liabilities</b>        |                       |                       |
| Reserves, net of current portion    | 6,703,155             | 5,231,425             |
| Notes payable                       | -                     | 10,000,000            |
| Bonds payable                       | 36,955,140            | 37,774,840            |
|                                     | <u>43,658,295</u>     | <u>53,006,265</u>     |
|                                     | <u>78,904,296</u>     | <u>81,583,219</u>     |
| <b>Net assets</b>                   |                       |                       |
| Without restrictions                | 35,111,753            | 29,680,009            |
| With restrictions                   | 1,340,138             | 1,855,549             |
|                                     | <u>36,451,891</u>     | <u>31,535,558</u>     |
|                                     | <u>\$ 115,356,187</u> | <u>\$ 113,118,777</u> |

# SENECA FAMILY OF AGENCIES

## Statement of Activities and Changes in Net Assets

Year Ended June 30, 2021

|                                                 | Without<br>Restrictions | With<br>Restrictions | Total         |
|-------------------------------------------------|-------------------------|----------------------|---------------|
| Revenue and support                             |                         |                      |               |
| Contributions                                   |                         |                      |               |
| General                                         | \$ 500,065              | \$ 3,536,810         | \$ 4,036,875  |
| In-kind                                         | 509,393                 | -                    | 509,393       |
| Government contracts                            | 124,387,546             | -                    | 124,387,546   |
| Program service fees                            | 5,388,452               | -                    | 5,388,452     |
| Special events (net of expenses<br>of \$71,855) | 288,400                 | -                    | 288,400       |
| Other revenue                                   | 4,707,119               | -                    | 4,707,119     |
| Investment return                               | 111,213                 | -                    | 111,213       |
| Net assets released from restrictions           | 4,052,221               | (4,052,221)          | -             |
|                                                 | 139,944,409             | (515,411)            | 139,428,998   |
| Expenses                                        |                         |                      |               |
| Program services                                | 115,905,995             | -                    | 115,905,995   |
| Support services                                | 18,606,670              | -                    | 18,606,670    |
|                                                 | 134,512,665             | -                    | 134,512,665   |
| Changes in net assets                           | 5,431,744               | (515,411)            | 4,916,333     |
| Net assets, beginning of year                   | 29,680,009              | 1,855,549            | 31,535,558    |
| Net assets, end of year                         | \$ 35,111,753           | \$ 1,340,138         | \$ 36,451,891 |

# SENECA FAMILY OF AGENCIES

## Statement of Activities and Changes in Net Assets

Year Ended June 30, 2020

|                                                  | Without<br>Restrictions | With<br>Restrictions | Total         |
|--------------------------------------------------|-------------------------|----------------------|---------------|
| Revenue and support                              |                         |                      |               |
| Contributions                                    |                         |                      |               |
| General                                          | \$ 2,023,781            | \$ 2,853,653         | \$ 4,877,434  |
| In-kind                                          | 540,786                 | -                    | 540,786       |
| Government contracts                             | 126,270,977             | -                    | 126,270,977   |
| Program service fees                             | 3,865,213               | -                    | 3,865,213     |
| Special events (net of expenses<br>of \$226,735) | 548,016                 | -                    | 548,016       |
| Other revenue                                    | 3,173,430               | -                    | 3,173,430     |
| Investment return                                | 43,561                  | -                    | 43,561        |
| Net assets released from restrictions            | 3,428,456               | (3,428,456)          | -             |
|                                                  | 139,894,220             | (574,803)            | 139,319,417   |
| Expenses                                         |                         |                      |               |
| Program services                                 | 116,305,861             | -                    | 116,305,861   |
| Support services                                 | 18,504,572              | -                    | 18,504,572    |
|                                                  | 134,810,433             | -                    | 134,810,433   |
| Changes in net assets                            | 5,083,787               | (574,803)            | 4,508,984     |
| Net assets, beginning of year                    | 24,596,222              | 2,430,352            | 27,026,574    |
| Net assets, end of year                          | \$ 29,680,009           | \$ 1,855,549         | \$ 31,535,558 |

# SENECA FAMILY OF AGENCIES

## Statement of Functional Expenses

Year Ended June 30, 2021

|                                               | Community<br>Based<br>Services | Education<br>Services | Foster Care<br>and<br>Permanency | Training            | Total<br>Program<br>Services | Development         | Management<br>and<br>General | Total                 |
|-----------------------------------------------|--------------------------------|-----------------------|----------------------------------|---------------------|------------------------------|---------------------|------------------------------|-----------------------|
| <b>Payroll</b>                                |                                |                       |                                  |                     |                              |                     |                              |                       |
| Salaries                                      | \$ 45,143,311                  | \$ 29,119,048         | \$ 2,551,059                     | \$ 1,449,315        | \$ 78,262,733                | \$ 762,737          | \$ 8,226,206                 | \$ 87,251,676         |
| Payroll taxes and<br>employee benefits        | 10,910,913                     | 7,037,928             | 616,578                          | 350,292             | 18,915,711                   | 184,350             | 1,988,205                    | 21,088,266            |
| <b>Total Payroll</b>                          | 56,054,224                     | 36,156,976            | 3,167,637                        | 1,799,607           | 97,178,444                   | 947,087             | 10,214,411                   | 108,339,942           |
| <b>Operations</b>                             |                                |                       |                                  |                     |                              |                     |                              |                       |
| Advertisement and recruitment                 | 146,708                        | 72,266                | 44,589                           | 3,381               | 266,944                      | 23,525              | 26,679                       | 317,148               |
| Bad debts                                     | 87,464                         | -                     | -                                | -                   | 87,464                       | -                   | -                            | 87,464                |
| Bank fee                                      | 6,709                          | -                     | -                                | 236                 | 6,945                        | 12,368              | 183,021                      | 202,334               |
| Clothing                                      | 9,683                          | -                     | (871)                            | -                   | 8,812                        | -                   | -                            | 8,812                 |
| Conferences and training                      | 157,492                        | 130,130               | 8,641                            | 4,432               | 300,695                      | 777                 | 24,000                       | 325,472               |
| Contingency reserve                           | -                              | -                     | -                                | -                   | -                            | -                   | 869,972                      | 869,972               |
| Contract services                             | 4,952,994                      | 649,386               | 86,612                           | 486,665             | 6,175,657                    | 26,491              | 1,495,125                    | 7,697,273             |
| Equipment leases                              | 16,477                         | 5,877                 | 3,196                            | 42                  | 25,592                       | 130                 | 4,781                        | 30,503                |
| Family service fees                           | 705,215                        | -                     | 1,534,921                        | -                   | 2,240,136                    | 3,500               | -                            | 2,243,636             |
| Food                                          | 58,342                         | 46,672                | -                                | -                   | 105,014                      | -                   | -                            | 105,014               |
| Fundraising                                   | 440                            | -                     | -                                | -                   | 440                          | 14,814              | 358                          | 15,612                |
| Government fees                               | 33,786                         | 46,647                | 23,871                           | 3,135               | 107,439                      | 19                  | 163,253                      | 270,711               |
| Insurance                                     | -                              | -                     | -                                | -                   | -                            | -                   | 682,010                      | 682,010               |
| Interest                                      | 506,267                        | 58,822                | 42,745                           | 15,227              | 623,061                      | 2,800               | 1,363,753                    | 1,989,614             |
| In-kind                                       | 163,821                        | -                     | 8,835                            | -                   | 172,656                      | 42,312              | 294,425                      | 509,393               |
| Medical - Non Medi-Cal                        | 51,889                         | 24,115                | 469                              | -                   | 76,473                       | 43                  | 38,807                       | 115,323               |
| Occupancy                                     | 724,769                        | 761,930               | 163,757                          | -                   | 1,650,456                    | -                   | 14,383                       | 1,664,839             |
| Printing                                      | 3,604                          | 875                   | 306                              | 6                   | 4,791                        | 4,316               | 9,315                        | 18,422                |
| Repairs and maintenance                       | 1,505,002                      | 438,546               | 90,156                           | 14,944              | 2,048,648                    | 7,321               | 347,418                      | 2,403,387             |
| Special events                                | -                              | 36,584                | -                                | -                   | 36,584                       | -                   | -                            | 36,584                |
| Subscription and dues                         | 112,983                        | 46,152                | 2,817                            | 7,584               | 169,536                      | 45,718              | 534,485                      | 749,739               |
| Supplies and postage                          | 810,969                        | 583,065               | 7,914                            | 3,965               | 1,405,913                    | 30,488              | 353,838                      | 1,790,239             |
| Telephone                                     | 658,792                        | 334,199               | 54,967                           | 15,890              | 1,063,848                    | 3,607               | 78,273                       | 1,145,728             |
| Transportation                                | 359,114                        | 63,663                | 39,272                           | 1,098               | 463,147                      | 521                 | 100,432                      | 564,100               |
| Travel                                        | 240,554                        | 11,915                | -                                | -                   | 252,469                      | -                   | 21,488                       | 273,957               |
| Utilities                                     | 289,285                        | 115,039               | 36,371                           | 3,402               | 444,097                      | 1,428               | 85,653                       | 531,178               |
| <b>Total Expenses Before<br/>Depreciation</b> | 67,656,583                     | 39,582,859            | 5,316,205                        | 2,359,614           | 114,915,261                  | 1,167,265           | 16,905,880                   | 132,988,406           |
| Depreciation                                  | 658,088                        | 244,033               | 67,036                           | 21,577              | 990,734                      | 4,088               | 529,437                      | 1,524,259             |
| <b>Total Direct Expenses</b>                  | 68,314,671                     | 39,826,892            | 5,383,241                        | 2,381,191           | 115,905,995                  | 1,171,353           | <u>\$ 17,435,317</u>         | <u>\$ 134,512,665</u> |
| Allocable Management &<br>General Expense     | 10,173,513                     | 5,931,075             | 801,680                          | 354,610             | 17,260,878                   | 174,439             |                              |                       |
| <b>Total Expense</b>                          | <u>\$ 78,488,184</u>           | <u>\$ 45,757,967</u>  | <u>\$ 6,184,921</u>              | <u>\$ 2,735,801</u> | <u>\$ 133,166,873</u>        | <u>\$ 1,345,792</u> |                              |                       |

# SENECA FAMILY OF AGENCIES

## Statement of Functional Expenses

Year Ended June 30, 2020

|                                               | Community<br>Based<br>Services | Education<br>Services | Foster Care<br>and<br>Permanency | Training            | Total<br>Program<br>Services | Development         | Management<br>and<br>General | Total                 |
|-----------------------------------------------|--------------------------------|-----------------------|----------------------------------|---------------------|------------------------------|---------------------|------------------------------|-----------------------|
| <b>Payroll</b>                                |                                |                       |                                  |                     |                              |                     |                              |                       |
| Salaries                                      | \$ 41,555,387                  | \$ 32,490,724         | \$ 2,773,529                     | \$ 1,208,481        | \$ 78,028,121                | \$ 632,250          | \$ 8,693,312                 | \$ 87,353,683         |
| Payroll taxes and<br>employee benefits        | 9,624,269                      | 7,524,884             | 642,352                          | 279,885             | 18,071,390                   | 146,430             | 2,013,380                    | 20,231,200            |
| <b>Total Payroll</b>                          | 51,179,656                     | 40,015,608            | 3,415,881                        | 1,488,366           | 96,099,511                   | 778,680             | 10,706,692                   | 107,584,883           |
| <b>Operations</b>                             |                                |                       |                                  |                     |                              |                     |                              |                       |
| Advertisement and recruitment                 | 148,893                        | 111,008               | 68,417                           | 3,735               | 332,053                      | 32,492              | 50,592                       | 415,137               |
| Bad debts                                     | 109,545                        | -                     | -                                | -                   | 109,545                      | -                   | 6,426                        | 115,971               |
| Bank fee                                      | 1,700                          | -                     | -                                | 449                 | 2,149                        | 9,910               | 117,998                      | 130,057               |
| Clothing                                      | 9,414                          | -                     | 157                              | -                   | 9,571                        | -                   | -                            | 9,571                 |
| Conferences and training                      | 289,267                        | 260,227               | 14,428                           | 14,376              | 578,298                      | 4,240               | 109,056                      | 691,594               |
| Contingency reserve                           | -                              | -                     | -                                | -                   | -                            | -                   | 853,772                      | 853,772               |
| Contract services                             | 5,244,999                      | 925,628               | 94,634                           | 681,181             | 6,946,442                    | 52,692              | 1,211,475                    | 8,210,609             |
| Equipment leases                              | 16,381                         | 6,477                 | 3,192                            | 324                 | 26,374                       | 152                 | 6,714                        | 33,240                |
| Family service fees                           | 295,526                        | -                     | 1,731,505                        | 228                 | 2,027,259                    | -                   | -                            | 2,027,259             |
| Food                                          | 70,600                         | 186,212               | -                                | -                   | 256,812                      | -                   | -                            | 256,812               |
| Fundraising                                   | 1,660                          | 250                   | 50                               | -                   | 1,960                        | 25,100              | 4,685                        | 31,745                |
| Government fees                               | 41,176                         | 75,070                | 25,190                           | 9                   | 141,445                      | 112                 | 49,735                       | 191,292               |
| Insurance                                     | 202                            | -                     | -                                | -                   | 202                          | -                   | 713,326                      | 713,528               |
| Interest                                      | 609,087                        | 53,600                | 31,186                           | 23,996              | 717,869                      | 2,785               | 360,068                      | 1,080,722             |
| In-kind                                       | 136,865                        | -                     | 1,545                            | -                   | 138,410                      | 177,253             | 225,123                      | 540,786               |
| Medical - Non Medi-Cal                        | 36,780                         | 2,351                 | -                                | -                   | 39,131                       | -                   | 31,268                       | 70,399                |
| Occupancy                                     | 329,791                        | 587,707               | 159,813                          | -                   | 1,077,311                    | -                   | 95,364                       | 1,172,675             |
| Printing                                      | 4,856                          | 5,297                 | 186                              | 44                  | 10,383                       | 6,486               | 44,103                       | 60,972                |
| Repairs and maintenance                       | 1,187,940                      | 619,509               | 89,775                           | 8,532               | 1,905,756                    | 14,929              | 626,980                      | 2,547,665             |
| Special events                                | 25                             | 85,770                | -                                | -                   | 85,795                       | -                   | -                            | 85,795                |
| Subscription and dues                         | 36,965                         | 50,574                | 3,941                            | 4,813               | 96,293                       | 50,153              | 618,278                      | 764,724               |
| Supplies and postage                          | 886,104                        | 615,617               | 28,130                           | 5,808               | 1,535,659                    | 15,819              | 478,751                      | 2,030,229             |
| Telephone                                     | 588,552                        | 356,891               | 56,365                           | 10,431              | 1,012,239                    | 4,612               | 181,168                      | 1,198,019             |
| Transportation                                | 947,431                        | 191,035               | 92,368                           | 9,902               | 1,240,736                    | 2,911               | 135,893                      | 1,379,540             |
| Travel                                        | 80,160                         | 74,254                | 4,912                            | 49,362              | 208,688                      | 413                 | 146,104                      | 355,205               |
| Utilities                                     | 327,392                        | 237,111               | 35,930                           | 554                 | 600,987                      | 2,040               | 136,962                      | 739,989               |
| <b>Total Expenses Before<br/>Depreciation</b> | 62,580,967                     | 44,460,196            | 5,857,605                        | 2,302,110           | 115,200,878                  | 1,180,779           | 16,910,533                   | 133,292,190           |
| Depreciation                                  | 704,690                        | 315,043               | 66,018                           | 19,232              | 1,104,983                    | 4,069               | 409,191                      | 1,518,243             |
| <b>Total Direct Expenses</b>                  | 63,285,657                     | 44,775,239            | 5,923,623                        | 2,321,342           | 116,305,861                  | 1,184,848           | <u>\$ 17,319,724</u>         | <u>\$ 134,810,433</u> |
| Allocable Management &<br>General Expense     | 9,329,164                      | 6,600,478             | 873,222                          | 342,197             | 17,145,061                   | 174,663             |                              |                       |
| <b>Total Expense</b>                          | <u>\$ 72,614,821</u>           | <u>\$ 51,375,717</u>  | <u>\$ 6,796,845</u>              | <u>\$ 2,663,539</u> | <u>\$ 133,450,922</u>        | <u>\$ 1,359,511</u> |                              |                       |

# SENECA FAMILY OF AGENCIES

## Statements of Cash Flows

### Years Ended June 30, 2021 and 2020

|                                                                                              | <u>2021</u>          | <u>2020</u>          |
|----------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                                                  |                      |                      |
| Changes in net assets                                                                        | \$ 4,916,333         | \$ 4,508,984         |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: |                      |                      |
| Depreciation                                                                                 | 1,643,572            | 1,640,805            |
| Bond issuance cost write off                                                                 | 842,540              | -                    |
| Amortization of bond issuance costs                                                          | 37,609               | 34,869               |
| Gain on disposal of property and equipment                                                   | (2,926,034)          | (779,662)            |
| Changes in operating assets and liabilities:                                                 |                      |                      |
| (Increase) decrease in:                                                                      |                      |                      |
| Accounts receivable - government agencies                                                    | (3,073,547)          | 2,217,442            |
| Accounts receivable - other                                                                  | (790,826)            | 1,091,413            |
| Prepaid expenses                                                                             | (215,387)            | 137,028              |
| Deposits                                                                                     | (105,816)            | 296,509              |
| Increase (decrease) in:                                                                      |                      |                      |
| Accounts payable                                                                             | 61,950               | (289,820)            |
| Accrued liabilities                                                                          | 2,797,617            | 3,268,276            |
| Reserves                                                                                     | 1,550,115            | 1,283,048            |
| Overpayments                                                                                 | 4,047,523            | 3,475,963            |
| Refundable advances                                                                          | (1,013,867)          | (417,998)            |
| Net cash provided by operating activities                                                    | <u>7,771,782</u>     | <u>16,466,857</u>    |
| <b>Cash flows from investing activities</b>                                                  |                      |                      |
| Proceeds from sale of real estate                                                            | 5,369,968            | 2,648,625            |
| Purchase of property and equipment                                                           | (2,097,685)          | (5,991,992)          |
| Purchase of investments                                                                      | (10,098,152)         | (2,799)              |
| Net cash used by investing activities                                                        | <u>(6,825,869)</u>   | <u>(3,346,166)</u>   |
| <b>Cash flows from financing activities</b>                                                  |                      |                      |
| Proceeds from Series B bond issue for the reimbursement of property and equipment purchases  | 2,060,440            | 1,595,249            |
| Proceeds from term loan                                                                      | -                    | 8,800,000            |
| Draws (repayments) on line of credit                                                         | 5,347,515            | (2,732,432)          |
| Principal payments on bonds payable                                                          | (8,410,365)          | (1,996,184)          |
| Bond issuance costs                                                                          | -                    | (138,985)            |
| Principal payments on term loan                                                              | -                    | (2,890,595)          |
| Proceeds from Paycheck Protection Program loan                                               | -                    | 10,000,000           |
| Repayment of Paycheck Protection Program loan                                                | (10,000,000)         | -                    |
| Net cash (used by) provided by financing activities                                          | <u>(11,002,410)</u>  | <u>12,637,053</u>    |
| Net (decrease) increase in cash                                                              | (10,056,497)         | 25,757,744           |
| Cash and cash equivalents, beginning of year                                                 | 31,657,922           | 5,900,178            |
| Cash and cash equivalents, end of year                                                       | <u>\$ 21,601,425</u> | <u>\$ 31,657,922</u> |
| <b>Supplemental disclosures</b>                                                              |                      |                      |
| Interest paid                                                                                | \$ 1,254,648         | \$ 1,171,265         |
| In-kind contributions for use in operations                                                  | 509,393              | 540,786              |
| Noncash transactions related to bond issuance - see Note 10:                                 |                      |                      |
| Repayment of taxable loan                                                                    | -                    | 5,909,405            |
| Repayment of non-taxable loans                                                               | 31,764,095           | -                    |
| Repayment of LOC                                                                             | 4,140,545            | -                    |
| Purchase of real estate                                                                      | -                    | 15,215,000           |
| Issuance costs                                                                               | 286,061              | 165,346              |
| Original issue discount                                                                      | 210,000              | 115,000              |

See accompanying notes

# **SENECA FAMILY OF AGENCIES**

## **Notes to Financial Statements**

**June 30, 2021 and 2020**

### **Note 1 - The Organization**

Seneca Family of Agencies was founded in 1985 with the simple but profound promise to help children and families through the most difficult times of their lives, regardless of the challenges or circumstances they face. Across the agency, Seneca's service provision is driven by its underlying agency philosophy and clinical treatment model Unconditional Care®, which ensures that youth and families receive individualized, comprehensive, and holistic supports to address their unique needs. Seneca's work bridges child- and family-service systems to create integrated and comprehensive continuums of care. Today, Seneca offers a full spectrum of behavioral health, permanency and placement, education, and juvenile justice services that impact more than 18,000 youth and families annually, including more than 180 program sites across 18 counties in California and two in Washington State.

**Behavioral Health Services:** Seneca provides a range of community-, clinic-, residential-, and school-based behavioral health services. The agency's services include individual, group, and family therapy, Wraparound, Therapeutic Behavioral Services (TBS), Intensive Care Coordination, Intensive Home-Based Services, Mobile Crisis Response Teams, Crisis Stabilization Units, Partial Hospitalization programs, and crisis residential treatment services. In fiscal year 2020-21, Seneca's behavioral health programs provided responsive and individualized services for more than 9,189 youth and their families.

**Permanency and Placement Services:** Seneca provides a wide array of permanency-focused programs and services to help ensure that every child has a safe and loving place to call home. Our continuum of permanency programs serves approximately 1,200 children each year and includes Visitation services, Family Finding and Engagement, case management for kinship caregivers, and Foster Family Agency (FFA) and Adoption Agency (AA) services.

**Education:** Seneca's education services are driven by its nationally recognized Unconditional Education® (UE) model. UE is built on the vision that all children can succeed in inclusive educational settings when provided with access to flexible and responsive supports that adapt to their changing needs. Each year, Seneca UE programs provide individualized interventions for over 1,200 students and school climate and culture interventions for over 6,500 students across California and Washington State. In addition, Seneca operates five nonpublic schools and 18 counseling-enriched classrooms throughout the Bay Area, which provide therapeutic services for students with profound behavioral and social-emotional challenges.

**Innovation:** Seneca is committed constantly improving its service through regularly advancing innovative approaches, researching, and incorporating best practices in the field, and striving to provide comprehensive services that thoroughly address families' needs. Examples include:

- Creation of the National Institute for Permanent Family Connectedness (NIPFC), which works to promote permanency for youth through training, consultation, and advocacy on the Family Finding and Engagement model.

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 1 - The Organization (continued)

- Seneca's Institute for Advanced Practice (SIAP), which provides over 4,000 hours of training annually for staff, county partners, and community-based providers in a wide range of evidence-based and best practices.
- Behavioral health accreditation by The Joint Commission since 2010, reflecting the agency's desire to use the highest standard of practice in care and treatment.

Volunteer professional services and in-kind donor participation – During the years ended June 30, 2021 and 2020 the Organization acknowledged the following in-kind donations:

|                                       | 2021              | 2020              |
|---------------------------------------|-------------------|-------------------|
| In kind donations for use in programs | \$ 77,635         | \$ 188,736        |
| In kind rent                          | 137,333           | 126,927           |
| Legal services                        | 294,425           | 225,123           |
|                                       | <u>\$ 509,393</u> | <u>\$ 540,786</u> |

### Note 2 - Summary of Significant Accounting Policies

Basis of accounting - The accrual method of accounting is used, which reflects revenue when earned and expenses as incurred.

Basis of presentation - Resources are classified for accounting and reporting purposes into two classes of net assets, according to externally imposed restrictions:

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

Net assets with restrictions - Net assets subject to donor-imposed stipulations. Some donor stipulations are temporary, and can be fulfilled by actions of the Organization pursuant to those stipulations or by the passage of time. Other donor stipulations require the resources be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 2 - Summary of Significant Accounting Policies (continued)

Cash and cash equivalents - Cash and cash equivalents include cash, money market accounts, and demand deposits held by financial institutions, and other highly liquid investments with a maturity of three months or less.

Accounts receivable – Accounts receivable includes receivables from governmental agencies and private foundations, as well as receivables related to rents, service and consulting income. The Organization uses an allowance method in order to reserve for potential uncollectible accounts receivable.

Property and equipment - Property and equipment in excess of \$1,500 are stated at cost if purchased or at fair market value at the date of donation if donated, with the exception of assets purchased for the group homes, which are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred.

Contributions and pledges receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments - The Organization values its investments at fair value. Gains and losses (including investments bought, sold, and held during the year) are reflected in the statement of activities as investment return. Short-term highly liquid money market deposits that are not used for operations are treated as investments.

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

Level 1 inputs - quoted prices on active markets for identical assets

Level 2 inputs - quoted prices on active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 2 - Summary of Significant Accounting Policies (continued)

The Organization is required to measure three types of assets and the related revenues at fair value: unconditional promises to give (pledges receivable), certain investments, and in-kind contributions. The specific techniques used to measure fair value for each element are described in the notes that relate to each element.

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

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

The Organization reports cash contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

A number of unpaid volunteers have made significant contributions of their time and perform a variety of tasks that assist the Organization with its programs. However, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied.

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 2 - Summary of Significant Accounting Policies (continued)

Other revenues - The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received, when the event takes place.

Program services billed to third-party insurers and other nonprofit organizations are recognized as the services are performed.

Functional allocation of expenses - The Organization has in place a cost allocation plan employed to allocate indirect expenses among programs and administrative services on a basis proportionate to the direct staff time or other method which best measures the relative degree of benefit.

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

Income taxes - The Organization is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d, and is considered by the IRS to be an organization other than a private foundation.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in the Organization's federal and state exempt organization and business income returns are more likely than not to be sustained upon examination.

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 3 - Property and Equipment

Classification as Held and Used: As of June 30, property and equipment held for use in operations consists of the following:

|                          | 2021                 | 2020                 |
|--------------------------|----------------------|----------------------|
| Land                     | \$ 23,632,704        | \$ 23,238,060        |
| Buildings                | 22,424,639           | 22,070,400           |
| Leasehold improvements   | 12,577,326           | 9,198,645            |
| Furniture and equipment  | 2,586,303            | 3,099,758            |
| Vehicles                 | 1,973,629            | 2,020,439            |
| Portable buildings       | 178,314              | 178,314              |
| Construction in progress |                      |                      |
| Real estate              | -                    | 3,439,725            |
| IT infrastructure        | 931,288              | 931,288              |
|                          | 64,304,203           | 64,176,629           |
| Accumulated depreciation | (10,770,674)         | (10,751,895)         |
|                          | <u>\$ 53,533,529</u> | <u>\$ 53,424,734</u> |

For the years ended June 30, 2021 and 2020, depreciation expense was \$1,643,572 and \$1,640,805, respectively. \$119,311 and \$122,562 of depreciation has been netted against rental revenues – see Note 14.

The Organization leases a portion of its commercial space at various locations to other organizations, and leases land in Oakland, California, to a telecommunications company. Leases are for various terms expiring through June 2025.

Fixed assets included in property and equipment held and used that are utilized in leasing activities are as follows:

|                          | 2021                | 2020                |
|--------------------------|---------------------|---------------------|
| Land                     | \$ 1,932,522        | \$ 1,224,703        |
| Buildings                | 3,173,949           | 3,629,445           |
| Leasehold improvements   | 1,118,026           | 1,429,516           |
|                          | 6,224,497           | 6,283,664           |
| Accumulated depreciation | (1,231,574)         | (939,666)           |
|                          | <u>\$ 4,992,923</u> | <u>\$ 5,343,998</u> |

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 3 - Property and Equipment (continued)

Total lease income, net of related expenses, for the years ended June 30, 2021 and 2020 is \$401,949 and \$13,483, respectively, and is included in other revenue – see Note 14.

Minimum future rental income from leases is as follows:

| Year ending June 30 |                   |
|---------------------|-------------------|
| 2022                | \$ 250,837        |
| 2023                | 205,487           |
| 2024                | 210,380           |
| 2025                | <u>161,203</u>    |
|                     | <u>\$ 827,907</u> |

#### Classification as Held for Sale:

In August 2020, the Organization sold property in Fairfield, California for \$5,600,000 cash. The Organization recognized a gain of \$2,948,894, which is included in other revenue. The real property was classified as held for sale as of June 30, 2020.

On September 29, 2021, the Organization sold property in San Leandro, California for \$1,980,000 cash. The Organization will recognize a gain of approximately \$1,600,000 on the sale. The real property was classified as held for sale as of June 30, 2021.

As of June 30, property and equipment held for sale consists of the following:

|                          | 2021               | 2020                |
|--------------------------|--------------------|---------------------|
| Land                     | \$ 145,644         | \$ 420,217          |
| Buildings                | 339,835            | 1,580,815           |
| Furniture and equipment  | 785,591            | -                   |
| Leasehold improvements   | <u>257,003</u>     | <u>804,750</u>      |
|                          | 1,528,073          | 2,805,782           |
| Accumulated depreciation | <u>(1,198,988)</u> | <u>(378,081)</u>    |
|                          | <u>\$ 329,085</u>  | <u>\$ 2,427,701</u> |

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 4 - Investments

The balances of investment assets measured at fair value as of June 30, 2021 and 2020 are \$10,458,879 and \$360,727, respectively. Investment return for the years ended June 30, 2021 and 2020, respectively, is included with interest income on the statement of activities as follows:

|                               | 2021              | 2020             |
|-------------------------------|-------------------|------------------|
| Investment return             |                   |                  |
| Interest and dividends        | \$ 22,398         | \$ 44,162        |
| Unrealized gains              | 88,535            | (4,034)          |
| Fees                          | -                 | (211)            |
|                               | 110,933           | 39,917           |
| Other non-investment interest | 280               | 3,644            |
|                               | <u>\$ 111,213</u> | <u>\$ 43,561</u> |

All investment return is classified as unrestricted in the statement of activities.

### Note 5 - Fair Value Measurements

The table below presents the balances of assets or liabilities measured at fair value on a recurring basis as of June 30, 2021 and 2020, respectively:

| <u>Level 2</u>         | 2021                 | 2020              |
|------------------------|----------------------|-------------------|
| Certificate of deposit | \$ 10,002,123        | \$ -              |
| Pooled securities      | 456,756              | 360,727           |
| Total investments      | <u>\$ 10,458,879</u> | <u>\$ 360,727</u> |

The fair value of pooled securities has been measured on a recurring basis using quoted prices in active markets for the same or similar assets (Level 2 inputs).

The certificate of deposit is valued at principal plus accrued interest, which approximates fair value due to the short-term nature of these investments (term of one year or less) (Level 2 inputs).

## SENECA FAMILY OF AGENCIES

### Notes to Financial Statements

June 30, 2021 and 2020

#### Note 5 - Fair Value Measurements (continued)

Transactions measured at fair value on a non-recurring basis during the years ended June 30, 2021 and 2020, respectively, are \$509,393 and \$540,786 of in-kind contributions.

The fair values of in-kind contributions are measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs). The fair values of pledged contributions are measured on a non-recurring basis, based on the value provided by the donor at the date of the pledge (Level 3 inputs).

#### Note 6 - Accrued Liabilities

Accrued liabilities as of June 30, consist of the following:

|                              | 2021                 | 2020                 |
|------------------------------|----------------------|----------------------|
| Wages                        | \$ 1,173,324         | \$ 2,756,054         |
| Vacation                     | 7,243,695            | 5,975,575            |
| Deferred FICA employer taxes | 3,827,925            | 1,310,828            |
| Payroll taxes and benefits   | 2,465,529            | 2,174,494            |
| Private insurance offset     | 1,119,537            | 1,062,007            |
| Other liabilities            | 876,445              | 629,880              |
|                              | <u>\$ 16,706,455</u> | <u>\$ 13,908,838</u> |

#### Note 7 - Line of Credit

The Organization has a \$4,750,000 revolving credit agreement with First Republic Bank. The line of credit matures on January 1, 2022, and bears interest at the bank's prime rate (3.25% per annum at June 30, 2021 and 2020). The line of credit is secured by the Organization's accounts, equipment and inventory. At June 30, 2021 and 2020, the outstanding balance under this line of credit was \$1,206,970 and \$0, respectively.

The line of credit is subject to reporting and financial related covenants and management believes the Organization was in compliance with all covenants as of June 30, 2021 and 2020.

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 8 - Liability for Overpayments Received

Timing differences in recording terminations from the various programs result in receipts for services relating to children who have left the programs. These receipts may be refundable to the county agencies providing the funds. Accordingly, the Organization records these amounts as a liability. The Organization is contacted by county agencies on a child-by-child basis or a contract basis regarding the repayment process.

Overpayments also include contract advances from certain counties to facilitate continued operations during the pandemic.

If no action or response to inquiries on overpayments is received by the Organization five years subsequent to receipt of funds, the funds are recognized as income. Under this policy, \$214,742 and \$39,696 of overpayments were taken into income in the years ended June 30, 2021 and 2020, respectively, and are included in other revenue on the statement of activities.

### Note 9 - Notes Payable

Paycheck Protection Program loan - In May 2020, the Organization was granted a loan (the "Loan") from CRF Small Business Loan Company, LLC in the aggregate amount of \$10,000,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which is in the form of a note dated May 22, 2020, issued to the Organization, matures on May 22, 2022, and bears interest at a rate of 1% per annum. Although the loan document states that the first payment is due on November 22, 2020, the PPP Flexibility Act signed into law on June 5, 2020, revised the law so that payments are not due on PPP loans until forgiveness has been determined.

The Organization is allowed to apply for forgiveness within a 10-month period after the end of the 24-week covered period (which was October 25, 2020). However, if a borrower does not apply for loan forgiveness within 10 months after the last day of the borrower's loan forgiveness covered period, loan payments are no longer deferred, and the borrower must begin making payments on the loan. The end of 10-month forgiveness period is September 22, 2021.

The loan and accrued interest are forgivable after 24 weeks, as long as the Organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 9 - Notes Payable (continued)

The Organization paid off the full amount of PPP loan in the amount of \$10,000,000, plus accrued interest of \$109,315 on June 25, 2021.

Term loan – In July 2019, the Organization signed a new \$8.8 million note payable with First Republic Bank. The one-year term loan was interest-only at a rate of 4.75% with principal due in June 2020 and was secured by real estate and receivables. In December 2019, the Organization repaid this loan with proceeds from the issuance of the bond payable (see Note 10) and with cash.

### Note 10 - Bonds Payable

Wells Fargo Bank - In December 2016, the Organization began issuing tax exempt bonds financed through Wells Fargo Bank. Total bonds to be issued were not to exceed \$19,500,000, with sale of taxable bonds not to exceed \$16,000,000 for the purpose of refinancing prior indebtedness, funding of certain capital projects and the acquisition of additional real and personal property to further the Organization's mission. The Organization had until December 2018 to roll existing debt into the tax-exempt bonds as well as utilize the taxable bonds. As of June 30, 2020, \$14,644,343 of California Infrastructure and Economic Development Bank Tax-Exempt Revenue Bonds Series 2016A have been issued under the agreement. Principal payments began January 2019 including interest at 3.42% with final payment due December 2038.

In December 2017, the Organization issued a second series of tax-exempt bonds financed through Wells Fargo Bank. As of June 30, 2020, \$4,700,000 of California Infrastructure and Economic Development Bank Tax-Exempt Revenue Bonds Series 2016B have been issued under this agreement. Principal payments began February 2019 including interest at 2.94% with final payment due January 2039.

Cumulative use of Wells Fargo Tax-Exempt Revenue bonds proceeds is shown below:

|                                                                        |               |
|------------------------------------------------------------------------|---------------|
| Principal payment on existing notes payable                            | \$ 8,929,064  |
| Principal payment on existing bonds payable                            | 2,001,186     |
| Reimbursement for purchase and renovation of<br>property and equipment | 8,059,487     |
| Issuance costs                                                         | 354,606       |
|                                                                        | <hr/>         |
|                                                                        | \$ 19,344,343 |

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 10 - Bonds Payable (continued)

The Wells Fargo Bank Tax- Exempt Revenue Bonds Series 2016A and 2016B were paid off in April 2021 with the proceeds from the issuance of a new-tax exempt bond of \$42,000,000 financed through the First Republic Bank.

First Republic Bank – 2019 Tax-Exempt Bonds - In December 2019, the Organization issued a California Infrastructure and Economic Development Bank 2019 Tax-Exempt Bonds of \$23,000,000 financed through First Republic Bank for the purpose of refinancing prior indebtedness and acquisition of additional real property to further the Organization's mission. Principal payment began January 2020, including interest at 3.00%, per annum, with final payment due December 2049. The bond was paid off in April 2021 with proceeds from the issuance of a new 2021 tax-exempt bond financed through the First Republic Bank.

Proceeds from issuance of 2019 Tax-Exempt Bonds were used for the following purposes:

|                                             |                             |
|---------------------------------------------|-----------------------------|
| Principal payment on existing notes payable | \$ 5,909,405                |
| Purchase of real property                   | 15,215,000                  |
| Reimbursement for renovation of property    | 1,595,249                   |
| Issuance costs and discounts                | <u>280,346</u>              |
|                                             | <u><u>\$ 23,000,000</u></u> |

First Republic Bank – 2021 Tax-Exempt Bonds - In April 2021, the Organization issued a new California Infrastructure and Economic Development Bank 2021 Tax-Exempt Bonds of \$42,000,000 finances through First Republic Bank for the purpose of refinancing prior indebtedness and acquisition of additional real property to further the Organization's mission. As of June 30, 2021, \$37,158,841 of California Infrastructure and Economic Development Bank Tax-Exempt Revenue Bonds have been issued under the agreement. Principal payments began April 2021 including interest at 2.60% with final payment due April 1, 2051.

The 2021 Tax-Exempt Bond includes a Drawdown Component for the maximum advances amount of \$4,841,159. The Drawdown Component is payable in monthly interest payments, at bank's prime rate of 2.60%, until March 31, 2022, and the outstanding advances balance at April 1, 2022, will be converted to term loan and will be payable in principal and interest payments based on 29-year amortization schedule with final payment due April 1, 2051. At June 30, 2021 the outstanding advances under the drawdown component were \$1,302,399 and are included in bond payable balance on the statement of activities.

# **SENECA FAMILY OF AGENCIES**

## **Notes to Financial Statements**

**June 30, 2021 and 2020**

### **Note 10 - Bonds Payable (continued)**

Proceeds from issuance of 2021 Tax-Exempt Bonds were used for the following purposes:

|                                                     |                             |
|-----------------------------------------------------|-----------------------------|
| Principal payments on Wells Fargo 2016A bond        | \$ 8,369,124                |
| Principal payments on Wells Fargo 2016B bond        | 957,475                     |
| Principal payments of First Republic Bank 2019 bond | 22,437,496                  |
| First Republic Bank LOC repayment                   | 4,140,545                   |
| Reimbursement for property renovations              | 2,060,540                   |
| Issuance costs and discounts                        | <u>496,060</u>              |
|                                                     | <u><u>\$ 38,461,240</u></u> |

As required by the terms of the bond regulatory agreement, the Organization must satisfy certain restrictive covenants which, among other terms, requires the maintenance of certain financial ratios and operational levels, places limits on other indebtedness, and requires certain informational reports. The Organization has pledged security interests in certain real property.

Total bonds payable as of June 30 are as follows:

|                                                           | <u>2021</u>                 | <u>2020</u>                 |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
| Total bonds payable                                       | \$ 38,271,057               | \$ 39,984,376               |
| Debt issuance costs and discounts, net<br>of amortization | <u>(493,306)</u>            | <u>(877,394)</u>            |
| Bonds payable, net                                        | 37,777,751                  | 39,106,982                  |
| Current portion                                           | <u>(822,611)</u>            | <u>(1,332,142)</u>          |
| Bond payable, net                                         | <u><u>\$ 36,955,140</u></u> | <u><u>\$ 37,774,840</u></u> |

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 10 - Bonds Payable (continued)

Expected maturities for the bonds, net of bond amortization, are as follows:

| Year ending June 30 | Bond<br>Component    | Drawdown<br>Component | Total                |
|---------------------|----------------------|-----------------------|----------------------|
| 2022                | \$ 815,062           | \$ 7,549              | \$ 822,611           |
| 2023                | 836,943              | 30,691                | 867,634              |
| 2024                | 856,911              | 31,499                | 888,410              |
| 2025                | 882,382              | 32,328                | 914,710              |
| 2026                | 906,034              | 33,178                | 939,212              |
| Thereafter          | 32,178,120           | 1,167,054             | 33,345,174           |
|                     | <u>\$ 36,475,452</u> | <u>\$ 1,302,299</u>   | <u>\$ 37,777,751</u> |

### Note 11 - Net Assets with Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

|                                                | 2021                | 2020                |
|------------------------------------------------|---------------------|---------------------|
| Subject to expenditure for specified purposes: |                     |                     |
| NoCal South County Clinic                      | \$ 348,675          | \$ 333,944          |
| Monterey Family Ties                           | 298,542             | 46,861              |
| San Benito Placement                           | 143,986             | 174,972             |
| Todo Por Mi Familia                            | 116,013             | -                   |
| GAIT                                           | 76,233              | -                   |
| Education Institute                            | 69,340              | 69,340              |
| Friends Funds - Southern California            | 58,449              | 56,128              |
| SoCal Placement                                | 47,335              | 236,846             |
| Friends Funds - San Luis Obispo                | 30,409              | 30,409              |
| REACH Program                                  | 27,077              | 27,077              |
| Mosaic                                         | 24,500              | -                   |
| Cypress Peggy Magner Education                 | 19,440              | 16,518              |
| Gates Foundation                               | -                   | 669,364             |
| Long Foundation                                | -                   | 77,000              |
| Contra Costa Regional Foundation               | -                   | 29,237              |
| Funds and programs with less than \$10,000     |                     |                     |
| at year end                                    | <u>14,964</u>       | <u>22,678</u>       |
|                                                | <u>1,274,963</u>    | <u>1,790,374</u>    |
| Donor restricted endowment for general use     | <u>65,175</u>       | <u>65,175</u>       |
|                                                | <u>\$ 1,340,138</u> | <u>\$ 1,855,549</u> |

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 12 - Endowments

Contributions to the Organization's endowment funds are subject to donor restrictions that stipulate the original principal is to be held and invested by the Organization indefinitely, and only the income may be expended for unrestricted or specified purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies for endowment assets to provide a predictable stream of revenues for operating activities and to preserve the purchasing power of the endowment assets. The Organization's endowment funds are held in cash and investment accounts.

Changes to the endowment net assets are as follows:

|                                |    |        |
|--------------------------------|----|--------|
| Beginning balance July 1, 2019 | \$ | 65,175 |
|                                |    | -      |
| Ending balance June 30, 2020   |    | 65,175 |
|                                |    | -      |
| Ending balance June 30, 2021   | \$ | 65,175 |

All investment returns related to endowment assets were transferred to unrestricted net assets, as directed by the board spending policy.

### Note 13 - Government Contract Revenues

Government contract revenues for the years ended June 30, 2021 and 2020 consist of the following:

|                                     | 2021                  | 2020                  |
|-------------------------------------|-----------------------|-----------------------|
| Community based programs            | \$ 71,985,141         | \$ 68,700,954         |
| Education and school based programs | 44,746,912            | 50,874,944            |
| Foster care and permanency          | 7,655,493             | 6,695,079             |
|                                     | <u>\$ 124,387,546</u> | <u>\$ 126,270,977</u> |

As of June 30, 2021, and 2020, respectively, the Organization received \$4,475,438 and \$5,489,305 in cost reimbursable grants and contracts that have not been recognized as revenue because qualifying expenditures have not yet occurred. These are shown on the statement of financial position as refundable advances.

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 14 - Other Revenue

Other revenue for the years ended June 30, 2021 and 2020 consists of the following:

|                                                                           | 2021                | 2020                |
|---------------------------------------------------------------------------|---------------------|---------------------|
| Option payments                                                           | \$ -                | \$ 1,500,000        |
| Gain on sale of property and equipment                                    | 2,926,034           | 792,295             |
| Family finding and identification services                                | 531,525             | 745,871             |
| Lease income, net of expenses of \$523,631<br>and \$595,283, respectively | 401,949             | 13,483              |
| Computer consulting                                                       | 66,000              | 66,000              |
| Overpayments recognized                                                   | 214,742             | 39,696              |
| Miscellaneous program revenues and cost<br>settlements                    | 433,617             | -                   |
| Other                                                                     | 133,252             | 16,085              |
|                                                                           | <u>\$ 4,707,119</u> | <u>\$ 3,173,430</u> |

### Note 15 - Operating Lease Commitments

The Organization leases facilities and equipment under operating leases expiring in various years through June 2025. For the years ended June 30, 2021 and 2020, respectively, lease expense was \$1,832,675 and \$1,274,731 including donated rent of \$137,333 and \$126,927.

Minimum future rental payments under these leases are as follows:

| <u>Year ending June 30</u> |                     |
|----------------------------|---------------------|
| 2022                       | \$ 1,434,497        |
| 2023                       | 628,174             |
| 2024                       | 271,334             |
| 2025                       | 234,477             |
| 2026                       | -                   |
|                            | <u>\$ 2,568,482</u> |

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 16 - Other Commitments, Reserves and Contingencies

Pursuant to county, state and federal requirements for funding community service centers, the Organization's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations.

The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the organization has no provision for the possible disallowance of program costs on its financial statements.

The Organization is primarily funded through county, state and federal government contracts, which are subject to political, financial and operational risks which may affect the ongoing funding of contracts. To protect from any fiscal impact of changing contract terms potentially leading to sudden and unexpected loss of revenue, the Organization established a contracts contingency reserve. The reserve is based on a percentage of certain program revenues.

The Organization is fully self-insured through the state of California for its workers' compensation insurance costs. The Organization is liable for costs up to \$500,000 per claim, with state and third-party insurance coverage for costs in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not yet reported.

Total reserves on the statement of financial position as of June 30, 2021 and 2020 are as follows:

|                       | 2021                | 2020                |
|-----------------------|---------------------|---------------------|
| Workers' compensation | \$ 4,936,214        | \$ 4,190,289        |
| Contract contingency  | 2,804,190           | 2,000,000           |
|                       | 7,740,404           | 6,190,289           |
| Current portion       | (1,037,249)         | (958,864)           |
|                       | <u>\$ 6,703,155</u> | <u>\$ 5,231,425</u> |

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 16 - Other Commitments, Reserves and Contingencies (continued)

Legal claims - The Organization is subject to certain claims and legal that have arisen in the ordinary course of business. The Organization carries professional liability insurance, subject to certain deductible and policy limits, against such claims. Although it is impossible to predict the ultimate outcome of these claims at this time, management believes that the outcome of these matters will not have a material adverse effect on the financial position, operations or liquidity of the Organization.

### Note 17 - Concentration of Credit Risk

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

### Note 18 - Retirement Plan

All employees with over 1,000 hours of service are covered by a 403(b) tax deferred annuity plan. Employees are eligible to participate in the plan immediately and are eligible for employer discretionary contributions after 24 months of service. Participants may elect to defer a percentage of their salaries, up to the amounts allowed by law. Employer contributions are at the discretion of the board of directors. For the year ended June 30, 2021, and 2020, the Organization expensed \$870,249 and \$873,809, respectively, in discretionary contributions; these amounts are included in accrued liabilities as of June 30, 2021 and 2020.

### Note 19 - Subsequent Events

Management has evaluated subsequent events through December 10, 2021, the date on which the financial statements were available to be issued.

Purchase of real property for use in operations – In August 2021, the Organization purchased real property in San Jose, California, for \$1,700,000 with cash.

Sale of real property - See Note 3 for information on sales subsequent to year end. The property involved has been classified as held for sale as of June 30, 2021.

# SENECA FAMILY OF AGENCIES

## Notes to Financial Statements

June 30, 2021 and 2020

### Note 19 - Subsequent Events (continued)

Formation of subsidiary - Effective July 1, 2021, The Organization formed Just Advocacy, a 501(c)(3) nonprofit created to advocate on behalf of children and family with agencies and other governmental authorities at the local, state and national levels. Seneca will provide \$2 million of funding over 5 years.

### Note 20 - Information Regarding Liquidity and Availability

The Organization receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Organization receives support without donor restrictions.

The Organization considers investment income without donor restrictions, appropriated earnings from donor restricted endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long terms obligations will be discharged. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments. The Organization also has a line of credit available to meet cash flow needs – see Note 7.

The following table reflects the Organization's financial assets as of June 30, 2021, excluding amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions – see Note 11. Amounts not available to meet general expenditures within one year also may include net assets designated by the board for particular purposes. At June 30, 2021 and 2020, net assets with board designations were \$441,542 and \$348,268, respectively.

## SENECA FAMILY OF AGENCIES

### Notes to Financial Statements

June 30, 2021 and 2020

#### Note 20 - Information Regarding Liquidity and Availability (continued)

The table below presents financial assets available for general expenditures within one year at June 30, 2021:

|                                                                                                 |                             |
|-------------------------------------------------------------------------------------------------|-----------------------------|
| Financial assets at year end:                                                                   |                             |
| Cash and cash equivalents                                                                       | \$ 21,601,425               |
| Accounts receivable - government agencies                                                       | 24,855,871                  |
| Accounts receivable - other                                                                     | 1,487,673                   |
| Investments                                                                                     | 10,458,879                  |
|                                                                                                 | <u>58,403,848</u>           |
| Donor imposed restrictions:                                                                     |                             |
| Assets restricted for specified purposes                                                        | <u>(1,340,138)</u>          |
| Net financial assets after donor-imposed restrictions                                           | 57,063,710                  |
| Internal designations:                                                                          |                             |
| Assets designated for Central Coast operations                                                  | <u>(441,542)</u>            |
| Total financial assets available to meet cash needs for<br>general expenditures within one year | <u><u>\$ 56,622,168</u></u> |

#### Note 21 - Uncertainty Due to COVID - 19

The COVID-19 virus is continuing to spread. The Organization adapted its operations so that a majority of its services are provided remotely through telehealth services. The potential economic impact brought by, and the duration of COVID-19 pandemic is difficult to assess or predict. There is uncertainty over how the future development of the pandemic will impact the Organization's operations.

#### Note 22 - Supplemental Fair Value Information

Management's estimate of fair value of real estate holdings as of June 30, 2021 and 2020, which are based on appraisals, discussions with real estate professionals and other public sources of real estate value, is \$72,963,314 and \$76,683,314, respectively.

## **Supplementary Information**

# SENECA FAMILY OF AGENCIES

## Schedule of Expenditures of Alameda County Grants

**Year Ended June 30, 2021**

| Program Name                    | ACBH<br><u>Mental Health</u> | ACBH<br><u>Full Service Partnership</u> | ACBH<br><u>I-CESDC and SBBH</u> |
|---------------------------------|------------------------------|-----------------------------------------|---------------------------------|
| Procurement Contract Number     | 20184                        | 20185                                   | 20186                           |
| Exhibit Number (or Description) | 900121                       | 900121                                  | 900121                          |
| Contract Period                 | 07/01/20-06/30/21            | 07/01/20-06/30/21                       | 07/01/20-06/30/21               |
| Contract Amount                 | \$ <u>26,867,658</u>         | \$ <u>734,580</u>                       | \$ <u>1,643,048</u>             |
| Expenses                        |                              |                                         |                                 |
| Salaries and PR benefits        | \$ 16,636,314                | \$ 503,845                              | \$ 1,390,235                    |
| Operating Expenses              | 1,617,009                    | 36,871                                  | 69,531                          |
| Admin Allocation                | <u>2,358,329</u>             | <u>69,861</u>                           | <u>188,602</u>                  |
| Total Expenses                  | \$ <u>20,611,652</u>         | \$ <u>610,577</u>                       | \$ <u>1,648,368</u>             |
| Amount reimbursed by county     | \$ <u>21,246,568</u>         | \$ <u>618,853</u>                       | \$ <u>1,640,081</u>             |

See auditor's report

# SENECA FAMILY OF AGENCIES

## Schedule of Expenditures of Federal and Nonfederal Awards

**Year Ended June 30, 2021**

|                                                                                                                          | Federal<br>CFDA Number | Pass-Through<br>Grantor's Number | Federal      | Expenditures<br>Nonfederal | Total         |
|--------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------------------|--------------|----------------------------|---------------|
| Grantor / Program Title                                                                                                  |                        |                                  |              |                            |               |
| Department of Health & Human Services:                                                                                   |                        |                                  |              |                            |               |
| Foster Care Title IV-E:                                                                                                  |                        |                                  |              |                            |               |
| Passthrough - State of California Department of Social Services                                                          | 93.658                 |                                  | \$ 984,264   | \$ 2,041,763               | \$ 3,026,027  |
| Passthrough - State of California Department of Social Services                                                          | 93.658                 | 19-3108                          | 381,854      | -                          | 381,854       |
| Pass-through - San Francisco Community College District                                                                  | 93.658                 |                                  | 132,761      | -                          | 132,761       |
| Pass-through - Contra Costa County, California                                                                           | 93.658                 | 20-301-00/20-301-01              | 57,169       | 189,681                    | 246,850       |
| Pass-through - Marin County, California                                                                                  | 93.658                 |                                  | 43,765       | 94,216                     | 137,981       |
| Pass-through - Monterey County, California                                                                               | 93.658                 |                                  | 132,324      | 129,836                    | 262,160       |
| Pass-through - Sonoma County, California                                                                                 | 93.658                 |                                  | 117,462      | 252,870                    | 370,332       |
| Pass-through - San Francisco County, California                                                                          | 93.658                 |                                  | 602,376      | 901,302                    | 1,503,678     |
| Pass-through - San Luis Obispo County, California                                                                        | 93.658                 |                                  | 34,012       | 73,222                     | 107,234       |
| Pass-through - Solano County, California                                                                                 | 93.658                 | 03769-21                         | 58,011       | 42,049                     | 100,060       |
| Subtotal - Foster Care Title IV-E                                                                                        |                        |                                  | 2,543,998    | 3,724,939                  | 6,268,937     |
| Adoption Assistance:                                                                                                     |                        |                                  |              |                            |               |
| Pass-through - State of California Department of Social Services                                                         | 93.659                 |                                  | 282,964      | 360,136                    | 643,100       |
| Pass-through - San Francisco County                                                                                      | 93.659                 |                                  | 485,316      | 901,302                    | 1,386,618     |
| Subtotal - Adoption Assistance                                                                                           |                        |                                  | 768,280      | 1,261,438                  | 2,029,718     |
| Unaccompanied Alien Children Program                                                                                     | 93.676                 |                                  | 3,609,805    | -                          | 3,609,805     |
| Temporary Assistance for Needy Families - passthrough San Francisco County, California                                   | 93.558                 |                                  | 1,052        | -                          | 1,052         |
| Child Abuse and Neglect Discretionary Activities pass-through King County, Washington Department of Executive Services   | 93.670                 | 90CA1825-01-01                   | 86,697       | -                          | 86,697        |
|                                                                                                                          |                        |                                  | 7,009,832    | 4,986,377                  | 11,996,209    |
| Department of the Treasury                                                                                               |                        |                                  |              |                            |               |
| Passthrough - Orange County, California Coronavirus Relief Fund                                                          | 21.019                 |                                  | 571          | -                          | 571           |
| Department of Education:                                                                                                 |                        |                                  |              |                            |               |
| Passthrough - Washington State Office of Superintendent of Public Instruction Title 1 Grants to Local Education Agencies | 84.010                 | 20190252                         | 276          | -                          | 276           |
| Department of Agriculture:                                                                                               |                        |                                  |              |                            |               |
| Pass-through - California State Department of Agriculture                                                                |                        |                                  |              |                            |               |
| National Breakfast Program                                                                                               | 10.553                 | 161309703                        | 5,697        | -                          | 5,697         |
| National Lunch Program                                                                                                   | 10.555                 | 161309703                        | 13,294       | -                          | 13,294        |
|                                                                                                                          |                        |                                  | 18,991       | -                          | 18,991        |
| Pass-through - California Department of Education                                                                        |                        |                                  |              |                            |               |
| Child Development Fund                                                                                                   |                        |                                  |              |                            |               |
| State Preschool                                                                                                          |                        | CSPP-0024                        | -            | 95,518                     | 95,518        |
|                                                                                                                          |                        |                                  | \$ 7,029,670 | \$ 5,081,895               | \$ 12,111,565 |

See auditor's report.

See accompanying notes to schedule of expenditures of federal and nonfederal awards.

## SENECA FAMILY OF AGENCIES

### Schedule of Expenditures of Federal and Nonfederal Awards

Year Ended June 30, 2021

#### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal and nonfederal awards includes the federal grant activity of Seneca Family of Agencies under programs of the federal government for the year ended June 30, 2021. The information in this 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 Seneca Family of Agencies, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Seneca Family of Agencies.

#### 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, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### Note 3 – Indirect Cost Rate

Seneca Family of Agencies has elected to not use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.



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

To the Audit Committee of  
Seneca Family of Agencies

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 Seneca Family of Agencies (a California non-profit public benefit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2021.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered Seneca Family of Agencies' 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 Seneca Family of Agencies' internal control. Accordingly, we do not express an opinion on the effectiveness of the Seneca Family of Agencies' internal control.

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

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

## COMPLIANCE AND OTHER MATTERS

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

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

A handwritten signature in black ink that reads "Gilmore & Associates LLP". The script is cursive and fluid, with the letters "G", "A", and "L" being particularly large and stylized.

San Mateo, California  
December 10, 2021



## **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Audit Committee of  
Seneca Family of Agencies

### **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited Seneca Family of Agencies' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Seneca Family of Agencies' major federal programs for the year ended June 30, 2021. Seneca Family of Agencies' major federal 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable programs.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for each of Seneca Family of Agencies' 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 Seneca Family of Agencies' 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 Seneca Family of Agencies' compliance.

## OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, Seneca Family of Agencies 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, 2021.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Seneca Family of Agencies 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 Seneca Family of Agencies' 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 Seneca Family of Agencies' 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.

*Gilmore & Associates LLP*

San Mateo, California  
December 10, 2021

# SENECA FAMILY OF AGENCIES

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

### **Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on the financial statements of Seneca Family of Agencies.
2. No significant deficiencies related to the audit of the financial statements are reported in the 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*.
3. No instances of non-compliance material to financial statements of Seneca Family of Agencies, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.
5. The auditors report on compliance for the major federal award programs for Seneca Family of Agencies expresses an unmodified auditors' report on all major programs.
6. No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) were identified.
7. The programs tested as major programs include:

|                                    |             |
|------------------------------------|-------------|
| CFDA#93.658 Foster Care Title IV-E | \$2,543,998 |
| CFDA#93.659 Adoption Assistance    | \$ 768,280  |
8. The dollar threshold used to distinguish between type A and type B programs is \$750,000
9. Seneca Family of Agencies was determined to be a low-risk auditee.

### **Financial Statement Findings**

No matters were reported.

### **Findings and Questioned Costs – Major Federal Awards Program Audit**

No matters were reported.