

STARVISTA

**FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULE,
and
ADDITIONAL INFORMATION**

JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
StarVista

Report on the Financial Statements

We have audited the accompanying financial statements of StarVista (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2015, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

INDEPENDENT AUDITORS' REPORT

continued

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Summarized Comparative Information

We have previously audited StarVista's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016, on our consideration of StarVista's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering StarVista's internal control over financial reporting and compliance.

Harrington Group

San Francisco, California

January 11, 2016

STARVISTA

STATEMENT OF FINANCIAL POSITION

June 30, 2015

With comparative totals at June 30, 2014

	Unrestricted	Temporarily Restricted	2015	2014
Assets				
Cash and cash equivalents (Note 2)	\$ 538,397	\$ 247,390	\$ 785,787	\$ 1,243,795
Accounts receivable	2,024,627		2,024,627	1,582,494
Investments (Note 3)	1,000		1,000	6,070
Prepaid expenses and other assets	62,016		62,016	77,692
Property and equipment (Note 4)	206,939		206,939	212,686
Total assets	\$ 2,832,979	\$ 247,390	\$ 3,080,369	\$ 3,122,737
Liabilities and net assets				
Liabilities				
Accounts payable	\$ 100,999	\$ -	\$ 100,999	\$ 84,975
Accrued liabilities (Note 5)	792,567		792,567	851,280
Note payable (Note 7)	138,000		138,000	138,000
Total liabilities	1,031,566	-	1,031,566	1,074,255
Net assets				
Unrestricted	1,801,413		1,801,413	1,816,092
Temporarily restricted (Note 10)		247,390	247,390	232,390
Total net assets	1,801,413	247,390	2,048,803	2,048,482
Total liabilities and net assets	\$ 2,832,979	\$ 247,390	\$ 3,080,369	\$ 3,122,737

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

STARVISTA

STATEMENT OF ACTIVITIES
 For the year ended June 30, 2015
 With comparative totals for the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	2015	2014
Revenue and support				
Government contracts	\$ 9,526,508	\$ -	\$ 9,526,508	\$ 9,316,392
Foundation grants	808,634	40,000	848,634	819,450
Program fees	845,587		845,587	1,024,079
Contributions	398,630		398,630	221,997
Special events, net of expenses \$28,963	65,924		65,924	72,494
Miscellaneous income	30,315		30,315	27,486
Net assets released from program restrictions	25,000	(25,000)	-	-
Total revenue and support	11,700,598	15,000	11,715,598	11,481,898
Expenses				
Program services	11,216,498		11,216,498	10,789,168
General and administration			-	-
Fundraising	498,779		498,779	611,115
Total expenses	11,715,277	-	11,715,277	11,400,283
Change in net assets	(14,679)	15,000	321	81,615
Net assets, beginning of year	1,816,092	232,390	2,048,482	1,966,867
Net assets, end of year	\$ 1,801,413	\$ 247,390	\$ 2,048,803	\$ 2,048,482

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

STARVISTA

STATEMENT OF FUNCTIONAL EXPENSES
 For the year ended June 30, 2015
 With comparative totals for the year ended June 30, 2014

	Program Services				Total Program Services	General and Administration	Fundraising	Total Expenses	
	Early Childhood and Family Services	Youth Empowerment Services	Wellness and Recovery Services	Clinical and Community Services				2015	2014
Salaries	\$ 2,860,761	\$ 1,649,929	\$ 1,593,658	\$ 479,663	\$ 6,584,011	\$ 1,020,639	\$ 299,887	\$ 7,904,537	\$ 7,664,195
Payroll taxes and employee benefits	644,215	392,273	385,342	115,562	1,537,392	209,276	50,726	1,797,394	1,662,504
Total personnel costs	3,504,976	2,042,202	1,979,000	595,225	8,121,403	1,229,915	350,613	9,701,931	9,326,699
Occupancy	170,715	173,506	220,403	13,864	578,488	136,400	5,743	720,631	730,467
Client related expenses		295,632	99,653	11,303	406,588	250	1,165	408,003	484,703
Professional fees	34,005	11,974	10,394	11,882	68,255	73,811	20,375	162,441	148,882
Supplies	40,635	48,504	37,597	4,110	130,846	24,988	2,135	157,969	156,984
Travel and conferences	74,816	22,960	13,439	2,900	114,115	3,022	2,347	119,484	134,070
Communications	29,561	30,511	38,529	1,451	100,052	19,122	160	119,334	106,097
Consultants and training	13,547	876	46,786	4,318	65,527	4,290	15,996	85,813	100,212
Insurance						55,602		55,602	46,895
Postage and printing	3,375	5,329	6,941	1,225	16,870	8,606	20,146	45,622	38,893
Equipment rental	5,989	9,634	9,330	1,432	26,385	12,452		38,837	37,654
Staff related expenses	4,977	7,025	7,066	1,237	20,305	15,505	443	36,253	38,335
Depreciation and amortization						27,409		27,409	25,243
Miscellaneous expenses	317	1,246	2,488	122	4,173	21,253	10,522	35,948	25,149
Total functional expenses before indirect expense allocation	3,882,913	2,649,399	2,471,626	649,069	9,653,007	1,632,625	429,645	11,715,277	11,400,283
Indirect expense allocation	640,323	423,878	395,456	103,834	1,563,491	(1,632,625)	69,134	-	-
Total 2015 functional expenses after indirect expense allocation	\$ 4,523,236	\$ 3,073,277	\$ 2,867,082	\$ 752,903	\$ 11,216,498	\$ -	\$ 498,779	\$ 11,715,277	
Total 2014 functional expenses	\$ 4,184,955	\$ 3,317,214	\$ 2,729,384	\$ 557,615	\$ 10,789,168	\$ -	\$ 611,115		\$ 11,400,283

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

STARVISTA

STATEMENT OF CASH FLOWS

For the year ended June 30, 2015

With comparative totals for the year ended June 30, 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 321	\$ 81,615
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	27,409	25,243
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(442,133)	75,135
Decrease in prepaid expenses and other assets	15,676	6,214
Increase (decrease) in accounts payable	16,024	(4,903)
(Decrease) increase in accrued liabilities	(58,713)	149,407
	(441,416)	332,711
Cash flows from investing activities:		
Purchase of property and equipment	(21,662)	-
Proceeds from sale of investments	5,070	102,072
	(16,592)	102,072
Cash flows from financing activities:		
New borrowings on line of credit	300,000	-
Payments on line of credit	(300,000)	-
	-	-
(Decrease) increase in cash and cash equivalents	(458,008)	434,783
Cash and cash equivalents, beginning of year	1,243,795	809,012
Cash and cash equivalents, end of year	\$ 785,787	\$ 1,243,795

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

STARVISTA

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

StarVista is a nonprofit 501(c)(3) organization incorporated in the State of California. StarVista's major sources of revenue are government contracts, foundation, and other grants. StarVista provides a comprehensive array of free or low-cost multi-lingual social services to residents of San Mateo County. StarVista is dedicated to helping children, youth, and adults make positive changes in their lives providing them with the support and tools to build their skills and enhance their strengths. The following programs aid in achievement of these goals:

Early Childhood and Family Services:

Child and Family Treatment Collaborative - Provides outpatient mental health services throughout San Mateo County for families with children aged 6-17 who have been abused or neglected. Families and children receive mental health assessments, individual, family, and group therapy to help address underlying issues, and to prevent future incidents.

Differential Response - A home visiting and case management service for families who have been reported to Child Protective Services but evaluated as low-risk. To strengthen the family's ability to function, case managers help link the families to resource centers, in-home therapy, and other services in schools and the local community.

ECMHC Program - Provides mental health consultation, early intervention services, direct clinical support for parents and caregivers on-site at subsidized childcare centers.

Healthy Homes - A home-visiting program that serves pregnant mothers and families with children up to age five that have been affected by domestic violence. Case managers connect families to community resources and therapists provide counseling to children and their primary caregivers. Counseling focuses on helping family members heal from trauma, strengthening parent-child relationships, and enhancing parenting skills.

Learning Together - A home-visiting program that provides parent education to pregnant mothers and families with children up to age five. Parent educators use parent and child activities to support child development and prepare children for school. The program also provides developmental screenings, mental health services, and connects parents with community resources.

Prenatal-to-Three - A home visiting service for Medi-Cal eligible mothers who are pregnant or families with a child under three years of age. The program provides public health services, links to community resources, parenting classes, and mental health services to families with the goal of ensuring the healthy early brain development of the children.

Clinical and Community Services:

Counseling Center - Provides affordable family counseling services for children, adolescents, adults and families, covering relationship issues, behavioral concerns, depression/anxiety, life transitions, peer conflicts, homework stress, self-esteem, and more. Clients are able to learn new coping strategies, change negative patterns, and increase parenting skills.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

School Based Services - Provides family and group counseling services to middle and high schools throughout San Mateo County. Psycho-education and counseling help at-risk youth and their families learn about anger management, socialization skills, and self-esteem. Diversion for first-time misdemeanor offenses, crisis intervention, and youth development services are also available.

The Children Place - Offers prevention services for children of parents who are addicted to drugs or alcohol. In an effort to break the cycle of addiction, the program uses education and counseling to teach children about addiction, help them learn healthy coping and safety skills, build their self-esteem, and help them realize that they are not alone.

Wellness and Recovery Services:

Archway - Provides court-mandated education and counseling for adults convicted of domestic violence offences, drug possession, being under the influence of illegal drugs, or driving under the influence of drugs or alcohol. Participants learn about addiction, anger management, stress management and communication, as well as the legal and social consequences of their actions.

Crisis Intervention and Suicide Prevention Center - Provides education and crisis intervention services for schools, a 24-hour suicide crisis hotline, online teen support and chatroom, an alcohol and drug helpline, and a parent support hotline.

First Chance Outpatient Services - An outpatient program for non-violent simple drug possession offenders that provides substance abuse treatment instead of incarceration, as dictated by California Proposition 36. Participants learn about anger management, domestic violence, mental health, parenting, and receive case management, individual, and group counseling, follow-up support, and referrals to other resources.

First Chance Sobering Station - A 24-hour program that serves as an alternative to jail for persons arrested for driving under the influence or public intoxication. Services include housing during the period of inebriation, substance abuse assessment, referral services and extended case management.

Women's Enrichment Center - An intensive day treatment program for women diagnosed with both substance abuse and mental health issues. Clients attend five-hour classes five days a week, learning about addiction and mental health while managing housing, occupational, finance, parenting, medical, and dental issues.

Child and Adolescent Hotline & Prevention - Program is a hotline that is available 24/7 for parents of children of all ages (0-18), as well as educators, counselors, doctors, coaches, and members of the community. CAHPP's licensed clinicians respond to callers and texters with questions regarding a child who may be having difficulty reaching developmental milestones and/or is exhibiting concerning and/or unusual behavior.

continued

STARVISTA

NOTES TO FINANCIAL STATEMENTS

1. **Organization**, continued

Youth Empowerment Services:

Daybreak - Provides transitional housing and independent living skills training for homeless teens aged 16-21. Residents participate in a structured twelve-month program where they are required to attend school, work, and save a portion of their paychecks. Youth are connected to medical and mental health services, and learn how to shop, cook, manage their money, find and maintain a job, and locate housing.

Insights - A voluntary drug and alcohol recovery program that empowers youth to take responsibility and facilitate positive, lasting changes for themselves and for their families. Through case management, individual, group, and family counseling, participants learn about anger management, relationships, mental health, communicating with parents, and more.

GIRLS Program - An intensive court-mandated program that provides assessment, counseling, and case management services for incarcerated girls aged 13-18. The program's goals are to improve the young women's psychological well-being, physical health, emotional stability, family/social interactions, occupational readiness, and intellectual growth.

Transitional Housing Youth Services - A program that provides housing or rental assistance with comprehensive supportive case management services for qualified former foster care and probation youth ages 18 to 24. Youth participating in this program are required to work and/or go to school while learning independent living skills.

Youth House South - Provides 24-hour emergency and temporary housing for runaway and homeless youth and those whose families are in crisis. Youth up to age 17 participate in a structured program that includes individual, group, and family counseling, with a goal of reuniting the youth with their families.

Youth Development Initiative - Promotes and advocates the healthy development of youth in the community, by treating youth as valued resources and encouraging youth/adult interaction. High-school youth are able to learn about health and wellness, be trained as peer mentors, serve as members of County boards and commissions, and educate adults about the importance of involving youth.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

continued

STARVISTA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Accounting

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of StarVista are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. These generally result from revenue generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions. StarVista reports as an increase in unrestricted net assets any restricted revenue for which the restrictions have been met in the current year.

Temporarily Restricted. StarVista reports gifts of cash and other assets as temporarily 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 the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions. Temporarily restricted net assets are \$247,390 at June 30, 2015 (see Note 10).

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit StarVista to expend all of the income (or other economic benefits) derived from the donated assets. StarVista has no permanently restricted net assets at June 30, 2015.

Cash and Cash Equivalents

StarVista considers all short-term investments with an original maturity date of three months or less to be cash and cash equivalent.

Accounts Receivable

Accounts receivable are receivables from governmental agencies and are considered fully collectible. Therefore, no allowance for doubtful accounts has been provided.

Concentration of Credit Risks

StarVista places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. StarVista has not incurred losses related to these investments.

The primary receivable balance outstanding at June 30, 2015 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of StarVista's receivables consist of earned fees from contract programs granted by governmental agencies.

continued

STARVISTA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Investments

StarVista values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statements of Activities as gain (loss) on investments. Short-term highly liquid certificate of deposit that is not used for operations is treated as investments under a conservative investment policy developed by the Board.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets which range from five to twenty-seven and one half years. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year.

Donated Materials and Services

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

A number of unpaid volunteers have made significant contributions of their time to StarVista. However, the value of these services is not reflected in these statements because the criteria for recognition have not been satisfied.

Income Taxes

StarVista is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

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 by StarVista in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. StarVista's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The costs of providing StarVista's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with StarVista's financial statements for the year ended June 30, 2014 from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through January 11, 2016, the date which the financial statements were available.

3. Investments

Investments at June 30, 2015 consist of other investments in the amount of \$1,000.

4. Property and Equipment

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

Leasehold improvements	\$ 298,564
Building	244,378
Furniture and equipment	202,120
Land	<u>70,535</u>
	815,597
Less: accumulated depreciation and amortization	<u>(608,658)</u>
	<u>\$ 206,939</u>

Depreciation and amortization expense for the year ended June 30, 2015 was \$27,409.

continued

STARVISTA

NOTES TO FINANCIAL STATEMENTS

5. Accrued Liabilities

Accrued liabilities at June 30, 2015 consist of the following:

Accrued salaries and payroll taxes	\$406,247
Accrued vacation	385,063
Other accrued liabilities	<u>1,257</u>
	<u>\$792,567</u>

6. Line of Credit

StarVista has a revolving line of credit with a bank, in the amount of \$600,000, at an interest rate equal to the greater of a floating rate equal to the index plus 1% (“the Index Rate”) or the Floor Rate of 5%, due March 2016. The Index Rate is the Prime Rate set by the Bank from time to time. Line of credit is renewable annually.

7. Note Payable

StarVista has a non-interest bearing note payable to various local governments, collateralized by land and building, payable in one installment of \$138,000 in June 2040. At the time the principal is repaid, the note holders are entitled to payment, representing their proportional share of appreciation of the land and building. At June 30, 2015 the outstanding balance was \$138,000.

8. Employee Benefit Plans

StarVista sponsors a section 403(b) and a 401(k) salary reduction plan. Eligible employees can make voluntary contributions up to the extent allowable by law. The agency determines annually if it will make discretionary contributions to the plan. For the year ended June 30, 2015, StarVista did not make any discretionary contributions.

STARVISTA

NOTES TO FINANCIAL STATEMENTS

9. Commitments and Contingencies

Obligations Under Operating Leases

StarVista leases real property and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ended June 30,</u>	
2016	\$ 636,264
2017	387,016
2018	330,184
2019	<u>18,266</u>
	<u>\$1,371,730</u>

Rent expense under operating leases for the year ended June 30, 2015 was \$658,210.

Contracts

StarVista'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, StarVista has no provision for the possible disallowance of program costs on its financial statements.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2015 consist of the following:

Daybreak Loan	\$207,390
THPP-Goldman Grant	<u>40,000</u>
	<u>\$247,390</u>

StarVista owns and operates a transitional youth housing center which houses the Daybreak program. The building was purchased through Community Development Block Grant ("CDBG") loans passed through from local government units (see Note 7). This building is restricted as to use for transitional youth housing, and is currently classified under the Daybreak program.

For the year ended June 30, 2015, net assets released from program restrictions were \$25,000.

SUPPLEMENTAL SCHEDULE

STARVISTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2015

<u>Program Name</u>	<u>Contract Number</u>	<u>Federal CFDA No.</u>	<u>Contract Term</u>	<u>Expenditures</u>
Federal Awards				
U.S. Department of Health and Human Services ("DHHS"):				
Pass-through, County of San Mateo - Foster Care Title IV-E	various	93.658	7/1/14 - 6/30/15	\$ 13,384
Medical Assistance Program:				
Pass-through, County of San Mateo: Counseling Center			7/1/14 - 6/30/15	50,009
Pass-through, County of San Mateo: Healthy Homes Program			7/1/14 - 6/30/15	14,352
Pass-through, County of San Mateo: Cal Girls Program			7/1/14 - 6/30/15	28,337
Pass-through, County of San Mateo: Insights Program			7/1/14 - 6/30/15	16,439
Pass-through, County of San Mateo: Clinic Child Collaborative			7/1/14 - 6/30/15	78,012
	72936	93.778		<u>187,149</u>
Block Grants for Prevention and Treatment of Substance Abuse (a)		93.959	7/1/14 - 6/30/15	147,086
Chafee Foster Care Independent Program		93.674	7/1/14 - 6/30/15	84,420
Temporary Assistance for Needy Families		93.558	7/1/14 - 6/30/15	<u>96,918</u>
Subtotal pass-through, County of San Mateo				<u>528,957</u>
Federal Basic Center (a)	90CY6653/01-00	93.623	9/30/14 - 9/29/15	<u>196,790</u>
Total DHHS				<u>725,747</u>
U.S. Department of Justice ("DOJ"):				
Pass-through, County of San Mateo: Probation - Victim Impact Awareness		16.523	7/1/14 - 6/30/15	19,080
Pass-through, United States District Court: Probation Office - First Chance Outpatient/Archway	NA	16.XXX	10/1/14 - 9/30/15	<u>144,344</u>
Total DOJ				<u>163,424</u>
U.S. Department of Housing and Urban Development ("HUD"):				
Pass-through, City of Redwood City: Community Development Block Grant		14.218	7/1/14 - 6/30/15	<u>15,000</u>
Total HUD				<u>15,000</u>
Total Federal Awards				<u>\$ 904,171</u>
Federal Loan Programs				
U.S. Department of Housing and Urban Development:				
Community Development Block Grant		14.219		<u>\$ 138,000</u>
Total Federal Loans				<u>\$ 138,000</u>

(a) Audited as a major program

Summary of Significant Accounting Policies:

- 1) Basis of Accounting - The Schedule of Expenditures of Federal Awards has been reported on the accrual basis of accounting.
- 2) StarVista is exempt from income taxation under Internal Revenue Code Section 501(c)(3) and California Revenue Taxation Code Section 23701d.

See independent auditors' report.

ADDITIONAL INFORMATION



Certified Public Accountants, LLP

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

To the Board of Directors
StarVista

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 StarVista (a nonprofit organization), which comprise the Statement of Financial Position as of June 30, 2015, and the related Statements of Activities, Functional Expense, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 StarVista's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Harrington Group

San Francisco, California
January 11, 2016

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**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133**

To the Board of Directors
StarVista

Report on Compliance for Each Major Federal Program

We have audited StarVista's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of StarVista's major federal programs for the year ended June 30, 2015. StarVista's 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of StarVista's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 StarVista's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, StarVista 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, 2015.

Report on Internal Control Over Compliance

Management of StarVista 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 StarVista's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 StarVista's internal control over compliance.

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133**
continued

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

Harrington Group

San Francisco, California
January 11, 2016

STARVISTA
Schedule of Findings and Questioned Costs
For the year ended June 30, 2015

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified? None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

Identification of Major Programs:

U.S. Department of Health and Human Services:

Federal Basic Center 93.623

Block Grants for Prevention and Treatment of Substance Abuse 93.959

Section II – Financial Statements Findings

There are no findings required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There are neither findings nor questioned costs for Federal awards as defined in OMB Circular A-133.

Section IV – Summary Schedule of Prior Year Findings

None.