

**MARJAREE MASON CENTER, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**WITH INDEPENDENT AUDITOR'S  
REPORT THEREON  
SEPTEMBER 30, 2013 and 2012**

**CONTENTS**

---

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS	1 - 3
---	-------

---

FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 20

---

SUPPLEMENTARY INFORMATION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22 - 23



**MORSE WITTWER  
SAMPSON, LLP**

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Christopher B. Morse  
Sheryl E. Morse  
Kenneth T. Wittwer  
Doug A. Sampson  
Robert S. Swanton

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

Kristina L. Dritsas  
Jodie M. Rolih  
Jodi G. Nemeth  
Samuel P. Babcock  
Jenna L. Boul  
Ryan M. Cameron  
Brandon K. DiPinto  
Angela N. Miller  
Katie S. Rebeiro  
Todd H. Rose  
Jason L. Welch  
Roy K. Kikunaga

**Report on the Financial Statements**

We have audited the accompanying financial statements of Marjaree Mason Center, Inc. a non-profit organization, (the "Organization"), which comprises the statement of financial position as of September 30, 2013, 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.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

265 East River Park Circle  
Suite 110  
Fresno, CA 93720

Telephone  
(559) 389-5700

Facsimile  
(559) 389-5701

Toll Free  
(866) 774-3218

Web Site  
[www.mwscpas.com](http://www.mwscpas.com)

Email  
[mws@mwscpas.com](mailto:mws@mwscpas.com)

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 the Organization as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Additional 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 on page 27, 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.

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

We have previously audited the Organization's September 30, 2012 financial statements, and our report dated January 8, 2013, expressed an unmodified opinion of those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012 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 issued our report dated January 27, 2014, on our consideration of the Organizations internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations internal control over financial reporting and compliance.

*Morse Wittwer Sampson, LLP*

January 27, 2014  
Fresno, California

**MARJAREE MASON CENTER, INC**

**STATEMENTS OF FINANCIAL POSITION**

**September 30, 2013 and 2012**

**2013**

**2012**

**ASSETS**

Current Assets

Cash and cash equivalents	\$ 115,456	\$ 615,974
Certificates of deposit	206,251	307,048
Investments in marketable securities	1,106,264	1,061,563
Grants receivable, net	564,422	331,206
Other receivables, net	9,034	13,754
Prepaid expenses	87,402	58,391
Deposits	47,893	35,324
<b>Total current assets</b>	<b>2,136,722</b>	<b>2,423,260</b>

Property and Equipment, Net

2,317,369      1,779,428

Construction in Progress

71,600      -

Beneficial Interest in Perpetual Trusts

157,509      153,219

**\$ 4,683,200**      **\$ 4,355,907**

**LIABILITIES AND NET ASSETS**

**Liabilities**

Current Liabilities

Accounts payable	\$ 89,563	\$ 49,852
Accrued expenses	192,188	185,345
Deferred revenue	28,595	31,535
Refundable advances	-	40,169
<b>Total current liabilities</b>	<b>310,346</b>	<b>306,901</b>

Long-Term Debt

-      482,281

**Total liabilities**

310,346      789,182

**Net Assets**

Permanently restricted	157,509	153,219
Temporarily restricted	187,176	392,105
Unrestricted	4,028,169	3,021,401
	<u>4,372,854</u>	<u>3,566,725</u>
	<b>\$ 4,683,200</b>	<b>\$ 4,355,907</b>

See Notes to Financial Statements.

MARJAREE MASON CENTER, INC.

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

(With Summarized Financial Information for the Year Ended September 30, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2013	2012
<b>Revenues, Gains, and Other Support</b>					
Grants and contracts	\$ 2,018,990	\$ -	\$ -	\$ 2,018,990	\$ 2,270,870
Contributions	534,774	51,500	-	586,274	942,603
In-kind donations	752,658	-	-	752,658	192,986
Special events	86,876	-	-	86,876	79,589
Program fees	210,960	-	-	210,960	244,220
Legacies and bequests	40,086	-	-	40,086	16,628
Earned loan forgiveness	496,749	-	-	496,749	-
Unrealized gain in fair value of investments	1,889	-	-	1,889	84,765
Unrealized gain (loss) in fair value of perpetual trusts	-	-	4,290	4,290	( 7,211)
Investment income - interest	1,083	-	-	1,083	2,090
Gain (loss) on sale of property and equipment	110,315	-	-	110,315	( 302)
<b>Total revenues, gains, and other support</b>	<b>4,254,380</b>	<b>51,500</b>	<b>4,290</b>	<b>4,310,170</b>	<b>3,826,238</b>
Net assets released from restrictions:					
Restrictions satisfied by payment of related expenses	256,429	( 256,429)	-	-	-
<b>Total revenues, gains, and other support after net assets released from restrictions</b>	<b>4,510,809</b>	<b>( 204,929)</b>	<b>4,290</b>	<b>4,310,170</b>	<b>3,826,238</b>
<b>Expenses</b>					
Program	3,011,516	-	-	3,011,516	3,050,931
Supporting services	432,670	-	-	432,670	394,782
Fundraising	72,569	-	-	72,569	90,755
<b>Total expenses</b>	<b>3,516,755</b>	<b>-</b>	<b>-</b>	<b>3,516,755</b>	<b>3,536,468</b>
Increase (Decrease) in Net Assets	994,054	( 204,929)	4,290	793,415	289,770
Contribution of Grant Funded Assets, Net	12,714	-	-	12,714	11,047
Net Assets at Beginning of Year	3,021,401	392,105	153,219	3,566,725	3,265,908
<b>Net Assets at End of Year</b>	<b>\$ 4,028,169</b>	<b>\$ 187,176</b>	<b>\$ 157,509</b>	<b>\$ 4,372,854</b>	<b>\$ 3,566,725</b>

MARJAREE MASON CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2013

(With Summarized Financial Information for the Year Ended September 30, 2012)

	<u>Program</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>	2012
Accounting and legal	\$ 8,848	\$ 10,152	\$ -	\$ 19,000	\$ 17,736
Advertising	3,127	-	1,800	4,927	1,800
Bad debt expense	3,774	-	1,500	5,274	7,032
Bank charges	69	34	-	103	197
Computer services	10,441	14,141	800	25,382	21,092
Conferences, conventions and meetings	27,398	2,335	21,949	51,682	71,273
Depreciation	133,720	35,450	-	169,170	157,355
Donated services and supplies	235,734	7,291	3,358	246,383	192,986
Dues and subscriptions	5,744	898	535	7,177	10,292
Employee benefits	491,994	46,247	1,461	539,702	496,033
Equipment rental, repairs and maintenance	164,662	32,334	12,091	209,087	196,394
Food	27,795	1,080	-	28,875	25,049
Insurance	29,289	9,567	-	38,856	36,341
Interest	14,468	-	-	14,468	-
Miscellaneous	577	972	-	1,549	5,107
Office expense	13,343	10,229	2,381	25,953	28,328
Printing	4,634	5,576	5,884	16,094	22,291
Professional fees	24,048	38,127	5,209	67,384	106,519
Program supplies	25,673	2,209	2,377	30,259	119,008
Rent	44,662	-	6,517	51,179	48,251
Salaries	1,651,198	177,761	6,707	1,835,666	1,847,983
Security	2,329	965	-	3,294	3,445
Taxes and licenses	990	365	-	1,355	566
Utilities	86,999	36,937	-	123,936	121,390
	<u>\$ 3,011,516</u>	<u>\$ 432,670</u>	<u>\$ 72,569</u>	<u>\$ 3,516,755</u>	<u>\$3,536,468</u>

**MARJAREE MASON CENTER, INC.**

**STATEMENTS OF CASH FLOWS**

**September 30, 2013 and 2012**

**2013**

**2012**

Cash Flow from Operating Activities		
Increase in net assets	\$ 793,415	\$ 289,770
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	169,171	157,355
Donations of property and equipment	( 506,459)	-
Bad debt expense	5,274	7,032
Loss (gain) on disposal of property and equipment	( 110,315)	302
Earned loan forgiveness	( 482,281)	-
Unrealized (gain) loss in fair value of assets	65,238	( 73,879)
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	( 238,490)	90,200
(Increase) decrease in other receivables	4,720	( 9,740)
Increase in prepaid expenses	( 29,011)	( 9,213)
(Increase) decrease in deposits	( 12,569)	6,859
Increase (decrease) in accounts payable	39,711	( 5,598)
Increase in accrued expenses	6,842	6,237
Decrease in deferred revenue and refundable advances	( 43,109)	( 21,428)
<b>Net cash provided by (used in) operating activities</b>	<b>( 337,863)</b>	<b>437,897</b>
Cash Flows from Investing Activities:		
Payments for construction in progress	( 71,600)	-
Purchase of property and equipment	( 207,623)	( 23,428)
Purchase of investments	( 329,260)	( 192,789)
Proceeds from sale of investments	215,031	-
Proceeds from sale of property and equipment	130,000	-
Purchases of certificates of deposit	( 206,251)	( 307,048)
Maturities of certificates of deposit	307,048	305,515
<b>Net cash used in investing activities</b>	<b>( 162,655)</b>	<b>( 217,750)</b>
<b>Net Increase (decrease) in Cash and Cash Equivalents</b>	<b>( 500,518)</b>	<b>220,147</b>
Cash and Cash Equivalents, Beginning of Year	615,974	395,827
Cash and Cash Equivalents, End of Year	<u>\$ 115,456</u>	<u>\$ 615,974</u>
Non-cash Investing and Financing Activities:		
Grant-funded assets	<u>\$ 64,500</u>	<u>\$ 62,725</u>
Depreciation on grant funded assets	<u>\$ ( 51,785)</u>	<u>\$ ( 51,679)</u>
Construction in progress reclassified to property and equipment	<u>\$ -</u>	<u>\$ 1,316</u>

See Notes to Financial Statements.



## MARJAREE MASON CENTER, INC

### NOTES TO FINANCIAL STATEMENTS

September 30, 2013 and 2012

---

#### Note 1. Nature of Activities and Summary of Significant Accounting Policies

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

The following are the significant accounting policies of the Organization:

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

Unrestricted: 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 (fundraising expenses), and performing administrative functions.

Temporarily Restricted: Gifts of cash and other assets are temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 restrictions. The Organization had temporarily restricted net assets of \$187,176 and \$392,105 at September 30, 2013 and 2012, respectively.

Permanently Restricted: These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets. The Organization had permanently restricted net assets of \$157,509 and \$153,219 at September 30, 2013 and 2012, respectively.

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

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MARJAREE MASON CENTER, INC

NOTES TO FINANCIAL STATEMENTS

September 30, 2013 and 2012

---

**Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

Cash and Cash Equivalents: For purposes of reporting the statement of cash flows, the Organization considers cash accounts, money market funds and certificates of deposits with original maturities of three (3) months or less to be cash equivalents. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured cash balances at September 30, 2013 and 2012.

During the year ended September 30, 2013 the Organization acquired two (2) certificates of deposit from two financial institutions in the amount of \$206,251, which is covered by the Federal Deposit Insurance Corporation up to \$100,000.

Investments in Marketable Securities: Investments in marketable securities consist primarily of publicly traded mutual funds and common stock and are recorded at fair value. These investments are covered by the Securities Investor Protection Corporation up to \$500,000 (including \$100,000 of cash).

Grants Receivable: The Organization utilizes the allowance of accounting for and reporting uncollectible or doubtful accounts. Management determines the allowance for doubtful accounts based on an analysis of specific customers, taking into consideration the age of the past due accounts and an assessment of the customer's ability to pay. At September 30, 2013 and 2012, management considered all accounts to be fully collectible, and therefore, no allowance was recorded in the accompanying financial statements.

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

Contributions and Promises to Give: Unconditional contributions, including promises to give at estimated net realizable value, are recognized as revenue in the period received. The Organization reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Promises to give at September 30, 2013 and 2012 amounted to \$0 and \$10,000, respectively and are all due within one year and considered fully collectible.

MARJAREE MASON CENTER, INC

NOTES TO FINANCIAL STATEMENTS

September 30, 2013 and 2012

---

**Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

Property and Equipment: It is the Organization's policy to capitalize property and equipment over \$500. Purchased property and equipment is capitalized at cost, donated property and equipment is recorded at fair value. The Organization does not imply restrictions on the use of contributed property and equipment received without donor stipulations. Expenditures that increase the life of the related assets are capitalized. Repairs and maintenance, including planned major maintenance activities, are charged to operations when incurred. Leasehold improvements are depreciated over the lesser of the remaining lease agreement or the estimated useful life. Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	5 - 40
Furnishings, equipment and vehicles	5 - 10

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

In-Kind Contributions: Contributions of non-cash assets are utilized by the Organization in providing services and are recorded at their fair values in the period received. Contributions of non-cash assets received for fundraising events (such as catering, entertainment, etc.) are not recorded in the accompanying financial statements. In addition, contributions of non-cash assets to be sold at fundraising events by the Organization are recorded at the time of sale. Contributions of donated services that create or enhance 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 their fair values in the period received.

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

Advertising Costs: Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. There were no capitalized costs. Advertising costs expensed during the year ended September 30, 2013 and 2012 amount to \$4,927 and \$1,800, respectively.

**MARJAREE MASON CENTER, INC**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

---

**Note 1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

Exchange Transactions: Revenues earned from contracts and grants with County, State and Federal agencies are considered to be exchange transactions. Revenue from exchange transactions are reported gross of any related expense in the accompanying financial statements.

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

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

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

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

The federal and state income tax returns of the Organization have not been examined by the respective taxing authorities. Federal income tax returns for the years subsequent to 2009 are open for examination. State income tax returns for the years subsequent to 2010 are open to examination.

Summarized Comparative Information: The accompanying 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 the Organization’s financial statements for the year ended September 30, 2012, from which the summarized information was derived.

**MARJAREE MASON CENTER, INC**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

**Note 2. Grants Receivable**

Grants receivable consisted of the following at September 30:

	<u>2013</u>	<u>2012</u>
U.S. Department of Housing and Urban Development	\$ 273,978	\$ 135,820
California Emergency Management Agency	109,864	111,329
California Housing and Community Development	63,000	-
First 5 of Fresno County	54,552	-
County Emergency Solutions Grant	22,027	-
Medi-Cal	10,413	1,083
Fresno Police Department	9,125	11,309
County CAPIT	7,878	22,992
Fresno County EOC	6,249	23,538
County HRAB	6,607	7,276
Victims of Crime	729	4,173
U.S. Department of Justice	-	13,686
	<u>\$ 564,422</u>	<u>\$ 331,206</u>

**Note 3. Property and Equipment**

Property and equipment consisted of the following at September 30:

	<u>2013</u>	<u>2012</u>
Building and land improvements	\$ 3,320,077	\$ 3,081,416
Leasehold improvements	546,952	546,952
Equipment	405,505	394,126
Buildings	660,387	175,887
Furniture and fixtures	150,837	124,079
Vehicles	79,988	79,988
Land	29,064	44,118
	<u>5,192,810</u>	<u>4,446,566</u>
Less: accumulated depreciation	<u>( 2,875,441)</u>	<u>( 2,667,138)</u>
	<u>\$ 2,317,369</u>	<u>\$ 1,779,428</u>
Construction in progress	<u>\$ 71,600</u>	<u>\$ -</u>

**MARJAREE MASON CENTER, INC**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

---

**Note 3. Property and Equipment (Continued)**

Construction in progress at September 30, 2013 consisted of expenditures on the remodel of the Fresno shelter and an upgrade for the fundraising software. The anticipated completion dated of the shelter remodel project is May 2014 and is being funded with an EHAP forgivable loan and unrestricted donations. The expected total cost for the project is approximately \$1.1 million. There was no construction in progress at September 30, 2012. There was no interest capitalized at September 30, 2013 and 2012.

The Organization completed the Clovis building, which was donated by an unrelated party, in July 2013 (See Note 6 and Note 12).

**Note 4. Beneficial Interest in Perpetual Trusts**

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

	<u>2013</u>	<u>2012</u>
Burks' Trust (5% interest)	\$ 148,060	\$ 143,358
Nine Trust (5% interest)	9,449	9,861
	<u>\$ 157,509</u>	<u>\$ 153,219</u>

**MARJAREE MASON CENTER, INC****NOTES TO FINANCIAL STATEMENTS****September 30, 2013 and 2012****Note 5. Investments in Marketable Securities**

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

	<u>2013</u>	<u>2012</u>
Equity Securities:		
iShares Barclays Tres.- 477 shares of common stock	\$ -	\$ 58,080
Mutual Funds		
Lord Abbett Short Duration Inc. CL C	108,760	107,327
Alliance Bernstein High Income CL A	79,772	45,537
Templeton Global Bond CL A	79,718	82,364
James Balance Golden Rainbow Retail CL	74,682	70,249
MFS Research Bond CL A	68,864	71,505
Janus High Yield CL A	68,643	68,346
Fidelity Advisor Strategic Income CL A	63,655	66,368
Fidelity Advisor Emerging Markets Inc. CL A	63,015	45,872
Franklin Strategic Income CL A	58,936	40,193
Oppenheimer Global Strategic Income CL A	57,240	59,596
Legg Mason BW Global	55,918	-
Matthews Asia Dividend Investor CL	50,287	44,936
Columbia Emerging Markets Bond	45,097	-
Dreyfus International Bond CL A	44,892	47,831
BlackRock Global Dividend CL A	36,297	-
JP Morgan Equity Income CL A	35,997	-
AIM Invesco Balanced Risk Allocation CL A	35,330	-
American Century Diversified Bond	31,719	69,353
Pimco Total Return CL D	25,548	53,168
Permanent Portfolio	21,894	79,842
Victory Fund for Income A	-	50,996
	<u>\$ 1,106,264</u>	<u>\$ 1,061,563</u>

During the year ended September 30, 2013, dividend income was approximately \$37,900; unrealized gains were approximately \$6,500 and realized gains were approximately \$1,500. During the year ended September 30, 2012, dividend income was approximately \$31,500; unrealized losses were approximately \$44,800; and realized losses were approximately \$1,400.

**Note 6. Fair Value Measurements**

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

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Plan. The three levels of the fair value of hierarchy are described below:

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

Level 2 - Inputs to the valuation methodology include:

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

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

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



MARJAREE MASON CENTER, INC

NOTES TO FINANCIAL STATEMENTS

September 30, 2013 and 2012

Note 6. Fair Value Measurements (Continued)

*Level 1 Fair Value Measurements*

The fair value of mutual funds is based on quoted net asset values of the shares held by the Organization at year-end.

Accounting standards allow for the use of a practical expedient for the estimations of the fair value of investments in investment companies or private investments for which the investment does not have a readily determinable fair value. The practical expedient used by the Organization to value these investments (which consist of mutual funds) is the Net Asset Value (“NAV”) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

*Level 2 Fair Value Measurements*

Beneficial interests in perpetual trusts are valued at the pro-rata ownership percentage of the underlying assets in the trust, which are common stocks and mutual funds.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets measured at fair value on a recurring basis as of September 30, 2013:

Assets at Fair Value as of September 30, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
Blended Bond	\$ 384,385	\$ -	\$ -	\$ 384,385
International Bond	283,009	-	-	283,009
Domestic Bond	234,670	-	-	234,670
Balanced Fund	74,682	-	-	74,682
Blended Asset	57,224	-	-	57,224
Blended Stock	36,297	-	-	36,297
Domestic Stock	35,997	-	-	35,997
Total mutual funds	<u>1,106,264</u>	<u>-</u>	<u>-</u>	<u>1,106,264</u>
Beneficial Interest in Perpetual Trusts	-	157,509	-	157,509
Total assets at fair value	<u>\$ 1,106,264</u>	<u>\$ 157,509</u>	<u>\$ -</u>	<u>\$ 1,263,773</u>

**MARJAREE MASON CENTER, INC**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

**Note 6. Fair Value Measurements (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a nonrecurring basis as of September 30, 2013:

Assets at Fair Value as of September 30, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Clovis Building	\$ -	\$ 500,000	\$ -	\$ 500,000
Total assets at fair value	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>

The fair value of the Clovis Building, which was donated by an unrelated party, was determined by an independent appraisal report using the comparable sales approach.

The Organization's policy is to recognize transfers into and out of Levels 2 and 3 as of the date of the event or change in circumstances that caused the transfer. For the year ended September 30, 2013, there were no significant transfers into or out of Level 2 or Level 3.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of September 30, 2012:

Assets at Fair Value as of September 30, 2012

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Mutual Funds:</b>				
Blended Bond	\$ 283,199	\$ -	\$ -	\$ 283,199
International Bond	221,003	-	-	221,003
Domestic Bond	407,270	-	-	407,270
Balanced Fund	70,249	-	-	70,249
Blended Asset	79,842	-	-	79,842
Total mutual funds	<u>1,061,563</u>	<u>-</u>	<u>-</u>	<u>1,061,563</u>
Beneficial Interest in Perpetual Trusts	-	153,219	-	153,219
Total assets at fair value	<u>\$ 1,061,563</u>	<u>\$ 153,219</u>	<u>\$ -</u>	<u>\$ 1,214,782</u>

**MARJAREE MASON CENTER, INC**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

---

**Note 7. Line of Credit**

The Organization has a \$250,000 line of credit with Central Valley Community Bank. The credit line, which is secured by a second trust deed on real property, provides for monthly interest payments at prime plus .50%. At September 30, 2013 the prime rate was 3.25%. The line of credit matures July 31, 2014. At both September 30, 2013 and 2012, there was no outstanding balance on the line of credit.

**Note 8. Long-Term Debt**

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

	<u>2013</u>	<u>2012</u>
State of California Emergency Housing and Assistance Program ("EHAP"), forgivable loan for renovation of an emergency shelter in Fresno. Secured by a deed of trust against the property. The note bears interest at 3%. Repayment is deferred as long as the property is used as an emergency shelter or transitional housing. The term of the loan is seven years which expired March 2013. The loan plus accrued interest of \$14,468 was forgiven on June 14, 2013 by EHAP.	<u>\$ -</u>	<u>\$ 482,281</u>

**Note 9. Obligations Under Operating Leases**

The Organization leases a house in Reedley from the City of Reedley under a non-cancelable ten-year operating lease, which terminates July 2022. The triple net lease agreement calls for an annual lease payment of \$1. The Organization has determined the fair value of the monthly lease payments to be \$1,800 as of September 30, 2013. The Organization leases office space in Fresno for the Batterers Intervention Program under an operating lease. Monthly lease payments are approximately \$3,500 with terms that end September 30, 2015.

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2014	\$ 41,629
2015	42,877
2016	1
Thereafter	5
	<u>\$ 84,512</u>

**MARJAREE MASON CENTER, INC**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

---

**Note 9. Obligations Under Operating Leases (Continued)**

Rent expense under operating leases for the years ended September 30, 2013 and 2012, respectively, was approximately \$75,800 and \$74,200.

**Note 10. Temporarily Restricted Net Assets**

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

	<u>2013</u>	<u>2012</u>
Clovis Shelter	\$ 135,632	\$ 192,040
Education and Outreach	26,251	46,388
Programs and Counseling	14,591	48,459
Shelter, Food, and Supplies for Clients and Children	8,983	26,884
Adopt-a-Room	1,719	26,366
Security System	-	50,000
Reedley Shelter	-	1,339
Various	-	629
	<u>\$ 187,176</u>	<u>\$ 392,105</u>

**Note 11. Retirement Plan**

The Organization established a 401(k) Retirement Plan covering all active, full-time employees, who are age 21 or older. The Organization matched 100% of the first 2% of gross salary for the years ended September 30, 2013 and 2012. For the years ended September 30, 2013 and 2012, contribution expense was \$15,084 and \$19,405, respectively, and is included in employee benefits in the accompanying statement of functional expenses.

**Note 12. In-Kind Donations**

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

	<u>2013</u>	<u>2012</u>
Clovis Building	\$ 500,000	\$ -
Fresno, Clovis and Reedley Shelters	160,905	124,886
Trained Volunteers	91,753	68,100
Donated Other Services	14,145	46,523
	<u>\$ 766,803</u>	<u>\$ 239,509</u>

**MARJAREE MASON CENTER, INC**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2013 and 2012**

---

**Note 12. In-Kind Donations (Continued)**

Included in the above totals are \$14,145 and \$46,523, respectively, for the years ended September 30, 2013 and 2012, which are non-specialized services and therefore not required to be recorded in the accompanying statement of activities.

**Note 13. Contingencies and Concentrations**

**Economic Dependency**

The Organization receives a majority of its funding through various programs and contracts with federal, state, local, and private agencies. Grants and contracts for the years ended September 30, 2013 and 2012 comprise approximately 54% and 60%, respectively, of total unrestricted revenue. The following is a summary of the percentage of total grants and contracts received from each of the agencies for the year ended September 30, 2013:

<u>Granting and Contracting Agency</u>	<u>Amount</u>	<u>Percentage</u>
Department of Housing and Urban Development	\$ 758,438	38%
California Emergency Management Agency	402,200	20
County of Fresno	284,918	14
First 5 of Fresno County	216,370	11
City of Fresno	100,179	5
U.S. Department of Justice	68,720	3
California Emergency Housing and Assistance Program	63,000	3
California Health Collaborative	44,088	2
Fresno County EOC	32,976	2
Other Contracts	29,652	1
Federal Emergency Management Agency	18,449	1
	<u>\$ 2,018,990</u>	<u>100%</u>

**Note 14. Subsequent Events**

The date to which events occurring after September 30, 2013, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is January 8, 2014, which is the date on which the financial statements were available to be issued. The following subsequent events occurred prior to the issuance of the financial statements.

During January 2014, the Marjaree Mason Center purchased three vans for the Fresno, Reedley and Clovis facilities. The donation of \$150,000 was received for vans and security update for the facilities.

During December 2013, the Marjaree Mason Center received a restricted pledge of approximately \$295,000 for children services for the 2014 fiscal year. The donation was received January 10, 2014.

**SUPPLEMENTARY INFORMATION**



**MORSE WITTWER  
SAMPSON, LLP**

Certified Public Accountants

Christopher B. Morse  
Sheryl E. Morse  
Kenneth T. Wittwer  
Doug A. Sampson  
Robert S. Swanton

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

Kristina L. Dritsas  
Jodie M. Rolih  
Jodi G. Nemeth  
Samuel P. Babcock  
Jenna L. Boul  
Ryan M. Cameron  
Brandon K. DiPinto  
Angela N. Miller  
Katie S. Rebeiro  
Todd H. Rose  
Jason L. Welch  
Roy K. Kikunaga

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Marjaree Mason Center, Inc., a non-profit Organization (the "Organization"), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, 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 January 27, 2014.

265 East River Park Circle  
Suite 110  
Fresno, CA 93720

**Internal Control Over Financial Reporting**

Telephone  
(559) 389-5700

Facsimile  
(559) 389-5701

Toll Free  
(866) 774-3218

Web Site  
[www.mwscpas.com](http://www.mwscpas.com)

Email  
[mws@mwscpas.com](mailto:mws@mwscpas.com)

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

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

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **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.

*Monce Wittmer Sampson, LLP*

January 27, 2014  
Fresno, California





**MORSE WITTWER  
SAMPSON, LLP**

Certified Public Accountants

Christopher B. Morse  
Sheryl E. Morse  
Kenneth T. Wittwer  
Doug A. Sampson  
Robert S. Swanton

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Kristina L. Dritsas  
Jodie M. Rolih  
Jodi G. Nemeth  
Samuel P. Babcock  
Jenna L. Boul  
Ryan M. Cameron  
Brandon K. DiPinto  
Angela N. Miller  
Katie S. Rebeiro  
Todd H. Rose  
Jason L. Welch  
Roy K. Kikunaga

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

**Report on Compliance for Each Major Federal Program**

We have audited Marjaree Mason Center, Inc., a non-profit Organization (the "Organization"), 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 Organization's major federal programs for the year ended September 30, 2013. The Organization's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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

265 East River Park Circle  
Suite 110  
Fresno, CA 93720

Telephone  
(559) 389-5700

Facsimile  
(559) 389-5701

Toll Free  
(866) 774-3218

Web Site  
[www.mwscpas.com](http://www.mwscpas.com)

Email  
[mws@mwscpas.com](mailto:mws@mwscpas.com)

examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on Each Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the Organization's internal control over compliance.

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

*Morse Wittner Sampson, LLP*

January 27, 2014  
Fresno, California

**MARJAREE MASON CENTER, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended September 30, 2013**

<u>Pass-through Grantor/Federal Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Award Number</u>	<u>Program or Award Amount</u>	<u>Total Costs Expended</u>
<b>Department of Housing and Urban Development</b>				
HUD Reedley- Supportive Housing	14.235	CA0768B9T141103	\$ 287,840	\$ 240,314
HUD Reedley- Supportive Housing	14.235	CA0768L9T141204	287,840	45,664
Homeward Bound- Supportive Housing	14.235	CA0765B9T141103	65,482	22,807
Project Next Step- Supportive Housing	14.235	CA0767B9T141002	216,173	32,894
Project Next Step- Supportive Housing	14.235	CA0767B9T1411003	108,086	94,025
Downtown Transition- Supportive Housing	14.235	CA0842B9T140900	440,162	148,937
Downtown Transition- Supportive Housing	14.235	CA0842L9T141205	224,280	110,904
Clovis- Supportive Housing	14.235	CA0974B9T141000	445,000	62,891
<b>Federal Emergency Management Agency</b>				
Emergency Food and Shelter Program - Phase 30	97.024	046400-003	18,449	18,449
<b>California Emergency Management Agency **</b>				
Domestic Violence Assistance Program (VOCA)	16.575	DV12261257	205,569	158,665
Domestic Violence Assistance Program (VAWA)	16.588	DV11251257	203,646	68,305
<b>United States Department of Justice</b>				
Legal Assistance to Victims Grant	16.524	2010-WL-AX-0025	404,000	202,977
<b>Pass-through from Department of Housing and Urban Development</b>				
County of Fresno- ESG	14.231	A-13-073	150,000	86,581
County of Fresno- CDBG	14.218	A-12-342	38,995	31,719
County of Fresno- CDBG	14.218	A-12-342	38,995	14,125
			<b>Grand Total</b>	<b><u>\$ 1,339,257</u></b>

**MARJAREE MASON CENTER, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended September 30, 2013**

---

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Marjaree Mason Center, Inc. (the “Organization”) under programs of the federal government for the year ended September 30, 2013. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 – Relationship to Federal Financial Reports**

Information included in the accompanying Schedule of Federal Awards is in substantial agreement with the information reported in the related federal financial reports submitted to funding agencies.

**MARJAREE MASON CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended September 30, 2013**

---

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?            Yes       X       No

Significant deficiency(s) identified that are not considered to be material weaknesses?            Yes       X       No

Noncompliance material to financial statements noted?            Yes       X       No

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?            Yes       X       No

Significant deficiency(s) identified that are not considered to be material weaknesses?            Yes       X       No

Type of auditor's 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?            Yes       X       No

Identification of major programs:

Department of Housing & Urban Development - 14.235

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

Auditee qualified as "low-risk auditee"?            Yes       X       No

**MARJAREE MASON CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended September 30, 2013**

---

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**TYPES OF FINDINGS:**

There were no reportable findings related to financial statement reporting for the fiscal year ended September 30, 2013.

**MARJAREE MASON CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended September 30, 2013**

---

**SECTION III - FEDERAL AWARD FINDINGS & QUESTIONED COSTS**

**TYPES OF FINDINGS:**

There were no reportable findings related to federal awards for the fiscal year ended September 30, 2013.



MARJAREE MASON CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2013

---

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2012-1 - Rent Calculation Spreadsheets

*Finding:* There were two instances in which the required "Resident Rent Calculation Worksheet" was not located in a participant's file.

*Criteria:* A "Resident Rent Calculation Worksheet" should be completed for all participant's within 60 days of admission.

*Effect:* There is a risk that participants may have over/under paid monthly rent as there is no evidence of approved monthly rent.

*Recommendation:* We recommend that a "Resident Rent Calculation Worksheet" be completed for all participant's within 60 days of admission.

*Corrective Action Plan/Response:* Management implemented a policy for the timely completion of all required forms, including the "Resident Rent Calculation Worksheet."

*Current Status:* Corrective action was implemented and no similar findings were noted during the 2013 audit.



**MORSE WITTWER  
SAMPSON, LLP**

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION**

Christopher B. Morse  
Sheryl E. Morse  
Kenneth T. Wittwer  
Doug A. Sampson  
Robert S. Swanton

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

Kristina L. Dritsas  
Jodie M. Roliuh  
Jodi G. Nemeth  
Samuel P. Babcock  
Jenna L. Boul  
Ryan M. Cameron  
Brandon K. DiPinto  
Angela N. Miller  
Katie S. Rebeiro  
Todd H. Rose  
Jason L. Welch  
Roy K. Kikunaga

We have audited the financial statements of Marjaree Mason Center, Inc., a non-profit corporation, as of and for the year ended September 30, 2013, and have issued our report thereon dated January 27, 2014, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 34-36, which is the responsibility of management, is presented for purposes of additional analysis and is not required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

265 East River Park Circle  
Suite 110  
Fresno, CA 93720

*Morse Wittwer Sampson, LLP*

January 27, 2014  
Fresno, California

Telephone  
(559) 389-5700

Facsimile  
(559) 389-5701

Toll Free  
(866) 774-3218

Web Site  
[www.mwscpas.com](http://www.mwscpas.com)

Email  
[mws@mwscpas.com](mailto:mws@mwscpas.com)

MARJAREE MASON CENTER, INC.

COMBINING SCHEDULE OF REVENUE, SUPPORT, AND EXPENSES  
 For the Year Ended September 30, 2013  
 (With Summarized Financial Information for the Year Ended September 30, 2012)

	County CDBG/ESG	Housing and Urban Development	California Office of Emergency Services	Fresno Police Department	Department of Justice
<b>Revenues, Gains and Other Support</b>					
Grants and contracts	\$ 132,425	\$ 758,438	\$ 402,200	\$ 87,679	\$ 68,720
Contributions	-	-	-	-	-
Donated services and supplies	-	-	-	-	-
Special events	-	-	-	-	-
Program fees	-	-	-	-	-
Legacies and bequests	-	-	-	-	-
Realized gain (loss) in fair value of assets	-	-	-	-	-
Unrealized gain (loss) in fair value of assets	-	-	-	-	-
Interest income	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-
<b>Total revenues, gains and other support</b>	<u>132,425</u>	<u>758,438</u>	<u>402,200</u>	<u>87,679</u>	<u>68,720</u>
<b>Expenses</b>					
Accounting and legal	-	3,754	5,500	-	-
Advertising	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Bank charges	-	-	-	-	-
Computer services	230	9,291	-	-	-
Conferences, conventions, and meetings	-	1,381	139	39	328
Depreciation	-	-	-	-	-
Donated services and supplies	-	-	-	-	-
Dues and subscriptions	-	-	-	-	1,797
Employee benefits	16,823	163,920	85,337	14,568	10,019
Equipment rental, repairs and maintenance	26,145	27,697	20,738	-	2,146
Food	-	3,174	2,407	-	-
Insurance	4,468	4,920	-	1,231	1,843
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Office expense	-	3,909	2,579	130	1,258
Printing	-	-	-	-	-
Professional fees	-	737	-	20	2,667
Program supplies	-	3,069	3,404	20	181
Rent	-	45	-	-	1,620
Salaries	60,748	492,046	264,004	72,430	46,600
Security	685	1,290	420	-	-
Taxes and licenses	-	38	-	-	-
Utilities	23,326	43,168	17,673	-	261
<b>Total expenses</b>	<u>132,425</u>	<u>758,439</u>	<u>402,201</u>	<u>88,438</u>	<u>68,720</u>
<b>Increase in Net Assets</b>	<u>\$ -</u>	<u>\$(- 1)</u>	<u>\$(- 1)</u>	<u>\$(- 759)</u>	<u>\$ -</u>

MARJAREE MASON CENTER, INC.

COMBINING SCHEDULE OF REVENUE, SUPPORT, AND EXPENSES

For the Year Ended September 30, 2013

(With Summarized Financial Information for the Year Ended September 30, 2012)

	First 5 Fresno County	Marriage License Fees	County CAPIT	Fresno County EOC	Emergency Housing and Assistance Program
<b>Revenues, Gains and Other Support</b>					
Grants and contracts	\$ 216,370	\$ -	\$ 124,416	\$ 32,976	\$ 63,000
Contributions	-	136,745	-	-	-
Donated services and supplies	-	-	-	-	-
Special events	-	-	-	-	-
Program fees	-	-	-	-	-
Legacies and bequests	-	-	-	-	-
Earned loan forgiveness	-	-	-	-	496,749
Realized gain (loss) in fair value of assets	-	-	-	-	-
Unrealized gain (loss) in fair value of assets	-	-	-	-	-
Interest income	-	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-	-
<b>Total revenues, gains and other support</b>	<u>216,370</u>	<u>136,745</u>	<u>124,416</u>	<u>32,976</u>	<u>559,749</u>
<b>Expenses</b>					
Accounting and legal	-	9,746	-	-	-
Advertising	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Bank charges	-	-	-	-	-
Computer services	-	12,296	-	-	-
Conferences, conventions, and meetings	-	101	4,358	354	-
Depreciation	-	-	-	-	-
Donated services and supplies	-	-	-	-	-
Dues and subscriptions	80	365	-	-	-
Employee benefits	45,714	35,618	24,254	5,829	-
Equipment rental, repairs and maintenance	1,468	15,545	-	-	63,000
Food	22	1,836	-	-	-
Insurance	-	24,128	284	-	-
Interest	-	-	-	-	14,468
Miscellaneous	-	-	-	-	-
Office expense	2,000	2,219	270	-	-
Printing	175	2,628	-	-	-
Professional fees	-	8,864	166	-	-
Program supplies	670	5,811	-	-	-
Rent	-	139	-	-	-
Salaries	164,300	85,086	91,599	26,423	-
Security	-	210	-	-	-
Taxes and licenses	-	290	-	-	-
Utilities	1,941	13,036	3,485	370	-
<b>Total expenses</b>	<u>216,370</u>	<u>217,918</u>	<u>124,416</u>	<u>32,976</u>	<u>77,468</u>
<b>Increase in Net Assets</b>	<u>\$ -</u>	<u>\$ ( 81,173)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 482,281</u>

See Independent Auditor's Report on Supplementary Information.

MARJAREE MASON CENTER, INC.

COMBINING SCHEDULE OF REVENUE, SUPPORT, AND EXPENSES

For the Year Ended September 30, 2013

(With Summarized Financial Information for the Year Ended September 30, 2012)

	Program Fees &	Total	
		2013	2012
<b>Revenues, Gains and Other Support</b>			
Grants and contracts	\$ 132,766	\$ 2,018,990	\$ 2,270,870
Contributions	449,529	586,274	942,603
Donated services and supplies	752,658	752,658	192,986
Special events	86,876	86,876	79,589
Program fees	210,960	210,960	244,220
Legacies and bequests	40,086	40,086	16,628
Earned loan forgiveness	-	496,749	-
Realized gain (loss) in fair value of assets	1,889	1,889	84,765
Unrealized gain (loss) in fair value of assets	4,290	4,290	( 7,211)
Interest income	1,083	1,083	2,090
Gain (loss) on sale of assets	110,315	110,315	( 302)
<b>Total revenues, gains and other support</b>	<b>1,790,452</b>	<b>4,310,170</b>	<b>3,826,238</b>
<b>Expenses</b>			
Accounting and legal	-	19,000	17,736
Advertising	4,927	4,927	1,800
Bad debt expense	5,274	5,274	7,032
Bank charges	103	103	197
Computer Services	3,565	25,382	21,092
Conferences, conventions, and meetings	44,982	51,682	71,273
Depreciation	169,170	169,170	157,355
Donated services and supplies	246,383	246,383	192,986
Dues and subscriptions	4,935	7,177	10,292
Employee benefits	137,620	539,702	496,033
Equipment rental, repairs and maintenance	52,348	209,087	196,394
Food	21,436	28,875	25,049
Insurance	1,982	38,856	36,341
Interest	-	14,468	-
Miscellaneous	1,549	1,549	5,107
Office expense	13,588	25,953	28,328
Printing	13,291	16,094	22,291
Professional fees	54,930	67,384	106,519
Program supplies	17,104	30,259	119,008
Rent	49,375	51,179	48,251
Salaries	532,430	1,835,666	1,847,983
Security	689	3,294	3,445
Taxes and licenses	1,027	1,355	566
Utilities	20,676	123,936	121,390
<b>Total expenses</b>	<b>1,397,384</b>	<b>3,516,755</b>	<b>3,536,468</b>
<b>Increase in Net Assets</b>	<b>\$ 393,068</b>	<b>\$ 793,415</b>	<b>\$ 289,770</b>

See Independent Auditor's Report on the Supplementary Information.