

MARJAREE MASON CENTER, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**WITH INDEPENDENT AUDITOR'S
REPORT THEREON
SEPTEMBER 30, 2015 and 2014**

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**MORSE WITTEWER
SAMPSON, LLP**

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INDEPENDENT AUDITOR'S REPORT

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

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Kallysha L. Batesole
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Janelle J. Isaak
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Rebecca L. Rickards
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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, 2015, and the related statements of activities, changes in net assets, 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of

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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, 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.

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 29, 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, 2014 financial statements, and our report dated January 27, 2015, 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, 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 issued our report dated January 15, 2016, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Morse Wittwer Sampson, LLP

January 15, 2016
Fresno, California

MARJAREE MASON CENTER, INC.

STATEMENTS OF FINANCIAL POSITION
September 30, 2015 and 2014

ASSETS	2015	2014
Current Assets		
Cash and cash equivalents	\$ 324,392	\$ 331,988
Certificates of deposit	206,894	206,535
Investments in marketable securities	1,319,750	1,398,211
Grants receivable, net	487,629	576,244
Pledges receivable, net	74,849	55,202
Other receivables, net	2,481	9,660
Prepaid expenses	124,420	69,656
Deposits	71,941	57,821
Total current assets	2,612,356	2,705,317
Property and Equipment, Net	3,202,359	3,297,957
Construction in Progress	46,920	7,093
Beneficial Interest in Perpetual Trusts	165,110	167,111
	\$ 6,026,745	\$ 6,177,478
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 64,187	\$ 332,113
Accrued expenses	262,689	221,610
Deferred revenue	111,184	43,795
Total current liabilities	438,060	597,518
Long-Term Debt	1,000,000	1,000,000
Total liabilities	1,438,060	1,597,518
Commitments and Contingencies	-	-
Net Assets		
Permanently restricted	165,110	167,111
Temporarily restricted	765,932	655,921
Unrestricted	3,657,643	3,756,928
	4,588,685	4,579,960
	\$ 6,026,745	\$ 6,177,478

See Independent Auditor's Report and Notes to Financial Statements

MARJAREE MASON CENTER, INC.

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

(With Summarized Financial Information for the Year Ended September 30, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2015	2014
Revenues, Gains, and Other Support					
Grants and contracts	\$ 2,159,551	\$ -	\$ -	\$ 2,159,551	\$ 1,891,149
Contributions	501,512	761,365	-	1,262,877	1,469,089
In-kind donations	258,752	-	-	258,752	302,354
Special events	197,002	-	-	197,002	128,979
Program fees	194,420	-	-	194,420	208,310
Legacies and bequests	5,000	-	-	5,000	56,195
Unrealized gain (loss) in fair value of investments	(53,415)	-	-	(53,415)	58,753
Unrealized gain (loss) in fair value of perpetual trusts	-	-	(2,001)	(2,001)	9,602
Interest and dividend income	406	-	-	406	340
Gain on sale of property and equipment	-	-	-	-	700
Total revenues, gains, and other support	<u>3,263,228</u>	<u>761,365</u>	<u>(2,001)</u>	4,022,592	4,125,471
Net assets released from restrictions:					
Restrictions satisfied by payment of related expenses	651,354	(651,354)	-	-	-
Total revenues, gains, and other support after net assets released from restrictions	<u>3,914,582</u>	<u>110,011</u>	<u>(2,001)</u>	4,022,592	4,125,471
Expenses					
Program	3,381,845	-	-	3,381,845	3,237,564
Supporting services	471,151	-	-	471,151	466,390
Fundraising	184,940	-	-	184,940	142,429
Total expenses	<u>4,037,936</u>	<u>-</u>	<u>-</u>	4,037,936	3,846,383
Increase (Decrease) in Net Assets	<u><u>\$ (123,354)</u></u>	<u><u>\$ 110,011</u></u>	<u><u>\$ (2,001)</u></u>	<u><u>\$ (15,344)</u></u>	<u><u>\$ 279,088</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

MARJAREE MASON CENTER, INC.

STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended September 30, 2015

(With Summarized Financial Information for the Year Ended September 30, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2015</u>	<u>2014</u>
Net Assets, Beginning of Year	\$ 3,756,928	\$ 655,921	\$ 167,111	\$ 4,579,960	\$ 4,309,854
Increase (Decrease) in Net Assets	(123,354)	110,011	(2,001)	(15,344)	279,088
Contribution of Grant Funded Assets	76,439	-	-	76,439	40,511
Depreciation on Grant Funded Assets	(52,370)	-	-	(52,370)	(49,493)
Net Assets at End of Year	\$ 3,657,643	\$ 765,932	\$ 165,110	\$ 4,588,685	\$ 4,579,960

See Independent Auditor's Report and Notes to Financial Statements.

MARJAREE MASON CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2015

(With Summarized Financial Information for the Year Ended September 30, 2014)

	Program	Supporting	Fundraising	Total	2014
Accounting and legal	\$ 8,000	\$ 10,300	\$ -	\$ 18,300	\$ 19,000
Advertising	3,000	-	4,865	7,865	1,850
Bad debt expense	-	-	-	-	-
Bank charges	103	339	-	442	785
Computer services	20,707	17,417	598	38,722	26,415
Conferences, conventions and meetings	29,151	1,569	49,561	80,281	58,046
Depreciation	185,551	24,437	2,361	212,349	213,531
Donated services and supplies	207,200	-	3,390	210,590	280,058
Dues and subscriptions	3,070	4,410	1,229	8,709	7,578
Employee benefits	506,291	52,229	8,859	567,379	633,737
Equipment rental, repairs and maintenance	267,710	22,261	22,662	312,633	236,518
Food	8,723	859	-	9,582	20,519
Insurance	34,307	10,119	-	44,426	43,521
Interest	-	45,000	-	45,000	-
Miscellaneous	472	45	28	545	5,973
Office expense	8,178	7,985	2,248	18,411	19,794
Printing	6,549	1,755	7,513	15,817	8,418
Professional fees	31,328	9,679	8,215	49,222	73,174
Program supplies	100,057	1,290	10,592	111,939	50,047
Rent	48,316	300	2,819	51,435	51,540
Salaries	1,780,506	222,801	58,810	2,062,117	1,958,292
Security	4,231	964	-	5,195	3,170
Taxes and licenses	1,377	79	-	1,456	506
Utilities	127,018	37,313	1,190	165,521	133,911
	<u>\$ 3,381,845</u>	<u>\$ 471,151</u>	<u>\$ 184,940</u>	<u>\$ 4,037,936</u>	<u>\$ 3,846,383</u>

MARJAREE MASON CENTER, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Increase (decrease) in net assets	\$(15,344)	\$ 279,088
Adjustment to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	212,349	213,531
Donations of property and equipment	(31,500)	(22,296)
Bad debt expense	-	-
Gain on disposal of property and equipment	-	(700)
Accrual of interest on note payable	45,000	-
Unrealized (gain) loss in fair value of investments	53,415	(58,753)
Unrealized (gain) loss in fair value of perpetual trusts	2,001	(9,602)
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	88,615	(11,822)
(Increase) decrease in other receivables	(12,468)	(55,828)
(Increase) decrease in prepaid expenses	(42,419)	17,746
(Increase) decrease in deposits	(14,120)	(9,928)
Increase (decrease) in accounts payable	(267,926)	242,550
Increase (decrease) in accrued expenses	(3,921)	29,422
Increase (decrease) in deferred revenue	67,389	15,200
Net cash provided by operating activities	<u>81,071</u>	<u>628,608</u>
Cash Flows From Investing Activities:		
Payments for construction in progress	(167,271)	(7,094)
Purchase of property and equipment	(21,037)	(1,109,204)
Purchase of investments	-	(236,294)
Proceeds from sale of investments	100,000	3,100
Proceeds from sale of property and equipment	-	700
Purchases of certificates of deposit	(206,894)	(206,535)
Maturities of certificates of deposit	206,535	206,251
Net cash used in investing activities	<u>(88,667)</u>	<u>(1,349,076)</u>
Cash Flows From Financing Activities:		
Borrowings of long-term debt	-	937,000
Net cash provided by financing activities	<u>-</u>	<u>937,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,596)	216,532
Cash and Cash Equivalents, Beginning of Year	331,988	115,456
Cash and Cash Equivalents, End of Year	<u><u>\$ 324,392</u></u>	<u><u>\$ 331,988</u></u>
Non-Cash Investing and Financing Activities:		
Grant-funded assets	<u>\$ 76,439</u>	<u>\$ 40,511</u>
Depreciation on grant-funded assets	<u>\$ 52,370</u>	<u>\$ 49,493</u>
Construction in progress reclassified to property and equipment	<u>\$ 115,099</u>	<u>\$ 71,600</u>

See Independent Auditor's Report and Notes to Financial Statements

MARJAREE MASON CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

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 \$765,932 and \$655,921 at September 30, 2015 and 2014, 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 \$165,110 and \$167,111 at September 30, 2015 and 2014, 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

For the Years Ended September 30, 2015 and 2014

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 (“FDIC”) up to \$250,000.

During the year ended September 30, 2015 the Organization acquired two (2) certificates of deposit from two financial institutions in the amount of \$206,894, which are covered under the same FDIC coverage. Uninsured cash and cash equivalents totaled \$11,824 and \$53,169, at September 30, 2015 and 2014, respectively.

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, 2015 and 2014, 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, 2015 and 2014 amounted to \$74,849 and \$55,202, respectively and are all due within one year and considered fully collectible.

MARJAREE MASON CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

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

Property and equipment purchased with federal funds is subject to various usage, maintenance, and disposition provisions of the Office of Management and Budget Circular A-110, as well as any additional provisions established by the funding agency.

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 years ended September 30, 2015 and 2014 amount to \$7,865 and \$1,850, respectively.

MARJAREE MASON CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

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 2010 are open for examination. State income tax returns for the years subsequent to 2011 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, 2014, from which the summarized information was derived.

MARJAREE MASON CENTER, INC.**NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014****Note 2. Grants Receivable**

Grants receivable consisted of the following at September 30:

	<u>2015</u>	<u>2014</u>
U.S. Department of Housing and Urban Development	\$ 197,383	\$ 84,583
California Office of Emergency Services	94,612	96,186
County Department of Social Services	47,375	-
City of Fresno	43,243	134,000
First 5 of Fresno County	26,525	35,670
Fresno Sheriff's Department	26,097	-
County CDBG	17,846	-
Department of Justice	14,167	-
Victims of Crime	6,771	9,579
Medi-Cal	4,886	13,538
Federal Emergency Management Agency	4,479	-
Fresno Police Department	2,793	185
Fresno County EOC	1,452	3,687
California Housing and Community Development	-	198,816
	<u>\$ 487,629</u>	<u>\$ 576,244</u>

Note 3. Property and Equipment

Property and equipment consisted of the following at September 30:

	<u>2015</u>	<u>2014</u>
Building and land improvements	\$ 4,550,401	\$ 4,429,849
Leasehold improvements	591,423	571,887
Equipment	358,093	329,168
Buildings	660,387	660,387
Furniture and fixtures	146,007	146,007
Vehicles	134,523	134,523
Land	29,064	29,064
	<u>6,469,898</u>	<u>6,300,885</u>
Less: accumulated depreciation	<u>(3,267,539)</u>	<u>(3,002,928)</u>
	<u>\$ 3,202,359</u>	<u>\$ 3,297,957</u>
Construction in progress	<u>\$ 46,920</u>	<u>\$ 7,093</u>

MARJAREE MASON CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended September 30, 2015 and 2014

Note 3. Property and Equipment (Continued)

Construction in progress at September 30, 2015 and 2014 consisted of expenditures on the remodel of the Fresno shelter, security upgrades and the purchase of document management software. The remodel project was completed in October of 2014 with no additional costs. The security upgrades and document management software are expected to be completed December 2015. There was no interest capitalized at September 30, 2015 and 2014.

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>2015</u>	<u>2014</u>
Burks' Trust (5% interest)	\$ 154,660	\$ 156,178
Nine Trust (5% interest)	10,450	10,933
	<u>\$ 165,110</u>	<u>\$ 167,111</u>

During the year ended September 30, 2015 the Organization's portion of unrealized loss was \$2,001. During the year ended September 30, 2014 the Organization's portion of unrealized gain was \$9,602.

MARJAREE MASON CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

Note 5. Investments in Marketable Securities

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

	<u>2015</u>	<u>2014</u>
Mutual Funds		
James Balance Golden Rainbow Retail CL	\$ 126,812	\$ 130,259
Lord Abbett Short Duration Inc. CL C	110,832	110,982
BlackRock Global Dividend CL A	87,343	73,537
Fidelity Advisor Strategic Income CL A	78,505	62,043
Matthews Asia Dividend Investor CL	76,456	80,968
Columbia Strategic Income CL A	71,614	-
Alliance Bernstein High Income CL A	71,173	80,027
Franklin Strategic Income CL A	71,129	58,936
Templeton Global Bond CL A	70,184	81,626
MFS Research Bond CL A	68,269	120,244
Janus High Yield CL A	60,834	67,527
JP Morgan Equity Income CL A	54,870	77,283
Fidelity Advisor Emerging Markets Inc. CL A	51,494	88,766
Legg Mason BW Global	50,387	57,288
Oppenheimer Global Strategic Income CL A	48,951	57,240
Dreyfus International Bond CL A	41,845	46,293
Franklin Income CL A	41,182	48,634
Columbia Emerging Markets Bond	40,409	44,819
American Century Diversified Bond	32,045	32,016
AIM Invesco Balanced Risk Allocation CL A	30,669	34,046
Permanent Portfolio	17,219	20,011
Columbia Seligman Global	8,906	-
Janus Global Life Sciences CL A	8,622	-
Pimco Total Return CL D	-	25,666
	<u>\$ 1,319,750</u>	<u>\$ 1,398,211</u>

During the years ended September 30, 2015 and 2014, dividend income reinvested into mutual funds was approximately \$53,000 and \$51,000, respectively. During the years ended September 30, 2015 and 2014, unrealized (losses)/gains were approximately \$(53,000) and \$59,000, respectively. During the years ended September 30, 2015 and 2014, proceeds from the sales of investments were approximately \$110,000 and \$3,000, respectively.

MARJAREE MASON CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

Note 6. Fair Value Measurements

The Organization's investments are reported at fair value in the accompanying statements of financial position. 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 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 Organization 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
For the Years Ended September 30, 2015 and 2014

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.

Level 2 Fair Value Measurements

Beneficial interests in perpetual trusts are valued at the pro-rata ownership percentage of the net asset value (“NAV”) of the private investment. The NAV is based on the underlying assets in the trust, which consist of common stocks and mutual funds. The use of NAV as fair value is deemed appropriate as the private investments do not have finite lives, unfunded commitments relating to these types of investments, or significant restrictions on redemptions.

Accounting standards allow for the use of a practical expedient for the estimations of the fair value of 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 is the NAV. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards.

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, 2015:

Assets at Fair Value as of September 30, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
Blended Bond	\$ 460,028	\$ -	\$ -	\$ 460,028
International Bond	280,388	-	-	280,388
Domestic Bond	244,893	-	-	244,893
Balanced Fund	126,812	-	-	126,812
Blended Asset	47,888	-	-	47,888
Blended Stock	96,249	-	-	96,249
Domestic Stock	63,492	-	-	63,492
Total mutual funds	<u>1,319,750</u>	<u>-</u>	<u>-</u>	<u>1,319,750</u>
Beneficial Interest in Perpetual Trusts	<u>-</u>	<u>165,110</u>	<u>-</u>	<u>165,110</u>
Total assets at fair value	<u>\$ 1,319,750</u>	<u>\$ 165,110</u>	<u>\$ -</u>	<u>\$ 1,484,860</u>

MARJAREE MASON CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

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 recurring basis as of September 30, 2014:

	<u>Assets at Fair Value as of September 30, 2014</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
Blended Bond	\$ 435,778	\$ -	\$ -	\$ 435,778
International Bond	342,472	-	-	342,472
Domestic Bond	284,825	-	-	284,825
Balanced Fund	130,259	-	-	130,259
Blended Asset	54,057	-	-	54,057
Blended Stock	73,537	-	-	73,537
Domestic Stock	<u>77,283</u>	<u>-</u>	<u>-</u>	<u>77,283</u>
Total mutual funds	1,398,211	-	-	1,398,211
Beneficial Interest in Perpetual Trusts	<u>-</u>	<u>167,111</u>	<u>-</u>	<u>167,111</u>
Total assets at fair value	<u>\$ 1,398,211</u>	<u>\$ 167,111</u>	<u>\$ -</u>	<u>\$ 1,565,322</u>

The Organization's policy is to recognize transfers into and out of Levels 2 and 3 inputs as of the date of the event or change in circumstances that caused the transfer. For the years ended September 30, 2015 and 2014, there were no significant transfers into or out of Level 2 or Level 3 inputs.

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%, with a minimum interest rate of 5.000%. At September 30, 2015 the effective interest rate was 5.0%. The line of credit matures July 31, 2016. At both September 30, 2015 and 2014, there was no outstanding balance on the line of credit.

MARJAREE MASON CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

Note 8. Long-Term Debt

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

	<u>2015</u>	<u>2014</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% (accrued interest totaled \$45,000 at September 30, 2015). 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 expires September 2021. After the loan term ends, the loan and any accrued interest shall be forgiven. If a transfer or conveyance of the property occurs before the end of the term that results in the development no longer being used as an emergency shelter or transitional housing, EHAP shall terminate the loan and require immediate repayment of the loan, including all outstanding principal and accrued interest.	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</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, 2015. The Organization leases office space in Fresno for the Batterers Intervention Program under an operating lease. Monthly lease payments are approximately \$3,575 with terms that end September 30, 2015. The Organization leases property in Clovis payable to the Clovis Community Development Agency in annual payments of \$100 through March 2066. The Organization has determined the fair value of the monthly lease payments to be \$600 as of September 30, 2015. The Organization leases office equipment under various leases. Monthly lease payments range from approximately \$54 to \$1,400, with terms ending from July 2017 to September 2022.

MARJAREE MASON CENTER, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended September 30, 2015 and 2014

Note 9. Obligations Under Operating Leases (Continued)

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

<u>Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 79,817
2017	63,939
2018	54,395
2019	53,896
2020	54,513
Thereafter	7,651
	<u>\$ 314,211</u>

Rent expense under operating leases for the years ended September 30, 2015 and 2014, respectively, was approximately \$64,690 and \$66,790.

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>2015</u>	<u>2014</u>
Shelter, Food, and Supplies for Clients and Children	\$ 487,263	\$ 204,458
Education and Outreach	113,587	201,099
Clovis Shelter	72,909	86,442
Facilities Maintenance	33,197	86,608
Auto Maintenance	26,113	26,988
Programs and Counseling	21,990	50,000
Reedley Shelter	10,873	326
	<u>\$ 765,932</u>	<u>\$ 655,921</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 a portion of the year ended September 30, 2014. The Organization stopped matching 401(k) contributions due to budget cuts on January 1, 2014. There were no matching contributions made during the year ended September 30, 2015. For the year ended September 30, 2014, contribution expense totaled \$3,783 and was included in employee benefits in the accompanying statement of functional expenses.

MARJAREE MASON CENTER, INC.

NOTES TO FINANCIAL STATEMENTS For the Years Ended September 30, 2015 and 2014

Note 12. In-Kind Donations

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

	<u>2015</u>	<u>2014</u>
Fresno, Clovis and Reedley Shelters	\$ 126,895	\$ 135,150
Trained Volunteers	80,357	128,165
Donated Other Services	44,058	9,670
Matson Alarm	31,500	-
Meathead Movers	20,000	-
Patton Air Conditioning	-	17,296
MJR Creative Group	-	16,743
Metropolitan Builders	-	5,000
	<u>\$ 302,810</u>	<u>\$ 312,024</u>

Included in the above totals are \$44,058 and \$9,670, respectively, for the years ended September 30, 2015 and 2014, 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, 2015 and 2014 comprise approximately 54% and 59%, 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, 2015:

<u>Granting and Contracting Agency</u>	<u>Amount</u>	<u>Percentage</u>
Department of Housing and Urban Development	\$ 900,485	42%
California Office of Emergency Services	392,803	18
Other Contracts	226,701	10
County of Fresno	210,178	9
First 5 of Fresno County	204,793	9
City of Fresno	131,244	6
Fresno Unified School District	55,000	3
California Health Collaborative	18,596	1
Fresno County EOC	15,013	1
Federal Emergency Management Agency	4,738	1
	<u>\$ 2,159,551</u>	<u>100%</u>

MARJAREE MASON CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended September 30, 2014 and 2013 (Restated)

Note 14. Subsequent Events

The date to which events occurring after September 30, 2015, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is January 15, 2016, which is the date on which the financial statements were available to be issued.

SINGLE AUDIT SECTION



**MORSE WITTWER
SAMPSON, LLP**

Certified Public Accountants

**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***

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

To the Board of Directors
Marjaree Mason Center, Inc.

Jodi G. Nemeth
Kallysha L. Batesole
Jenna L. Boul
Janelle J. Isaak
Katie S. Rebeiro
Rebecca L. Rickards
Alexandra W. Sells
Jason L. Welch
Roy K. Kikunaga

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, 2015, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2016.

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Internal Control Over Financial Reporting

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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.

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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.

We have provided our findings regarding control deficiencies over financial reporting noted during our audit in a separate letter to you dated January 15, 2016.

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.

Morse Wittwer Sampson, LLP

January 15, 2016
Fresno, California



**MORSE WITTWER
SAMPSON, LLP**

Certified Public Accountants

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

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

Jodi G. Nemeth
Kallysha L. Batesole
Jenna L. Boul
Janelle J. Isaak
Katie S. Rebeiro
Rebecca L. Rickards
Alexandra W. Sells
Jason L. Welch
Roy K. Kikunaga

To the Board of Directors
Marjaree Mason Center, Inc.

Report on Compliance for Each Major Federal Program

We have audited Marjaree Mason Center, Inc.’s, 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 the Organization’s major federal programs for the year ended September 30, 2015. 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.

265 East River Park Circle
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Management’s Responsibility

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

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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 examining, on a test basis, evidence about the Organization’s compliance with those

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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, 2015.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 Wittwer Sampson, LLP

January 15, 2016
Fresno, California

MARJAREE MASON CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015

Pass-through Grantor/Federal Grantor/Program Title	Federal CFDA #	Award Number	Program or Award Amount	Total Costs Expended
Department of Housing and Urban Development				
HUD Reedley- Supportive Housing	14.235	CA0768L9T141406	\$ 293,323	\$ 37,232
HUD Reedley- Supportive Housing	14.235	CA0768L9T141305	293,323	245,170
Project Next Step- Supportive Housing	14.235	CA0767B9T1411003	108,086	84,869
Project Next Step- Supportive Housing	14.235	CA0767L9T141204	108,145	36,660
Downtown Transition- Supportive Housing	14.235	CA0842L9T141403	224,280	48,007
Downtown Transition- Supportive Housing	14.235	CA0842L9T141302	224,280	129,629
HUD Clovis- Supportive Housing	14.235	CA0974B9T141000	445,000	169,724
HUD Clovis- Supportive Housing	14.235	CA0974L9T141401		60,178
HUD Welcome Home	14.235			89,012
				900,481
Federal Emergency Management Agency				
Emergency Food and Shelter Program - Phase 32	97.024			4,738
California Office of Emergency Services				
Domestic Violence Assistance Program (VOCA)	16.588	DV15291257	212,100	39,569
Domestic Violence Assistance Program (VOCA)	16.588	DV14281257	5,663	5,663
Domestic Violence Assistance Program (VAWA)	16.588	DV14281257	203,646	139,047
				184,279
Department of Justice				
Legal Assistance to Victims		2014-WL-AX-0024	500,000	97,546
Victims of Crime Week				2,619
				100,165
Pass-through from Department of Housing and Urban Development				
City of Fresno- ESG	14.231	A-13-073	100,000	100,000
City of Fresno- ESG	14.231			11,244
County of Fresno- CDBG	14.218	A-14-697	51,640	43,731
City of Fresno- CDBG	14.218	N/A	59,000	20,000
				174,975
				\$ 1,364,638

MARJAREE MASON CENTER, INC.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015**

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, 2015. 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 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, 2015**

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?	<u> </u> Yes	<u> x </u> No
Significant deficiency(s) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> x </u> No
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> x </u> No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> x </u> No
Significant deficiency(s) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> x </u> 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?	<u> </u> Yes	<u> x </u> 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"?	<u> </u> Yes	<u> x </u> No
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MARJAREE MASON CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2015

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, 2015.

MARJAREE MASON CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2015

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, 2015.

MARJAREE MASON CENTER, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2015

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2014-1

CONDITION: This finding was a significant deficiency stating that proper supervisor review and approval of the employee's time cards and functional/program time allocation spreadsheets was not evident.

RECOMMENDATION: The auditor recommended that the Organization implement internal controls such that all payroll time cards and functional/program time allocation spreadsheets are required to be reviewed and approved by a supervisor or management and is separated from the individual being paid.

CURRENT STATUS: The recommendation was adopted during fiscal year 2015. No similar findings noted during the 2015 audit.

SUPPLEMENTARY INFORMATION



**MORSE WITTWER
SAMPSON, LLP**

Certified Public Accountants

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

Christopher B. Morse
Sheryl E. Morse
Kenneth T. Wittwer
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Kristina L. Dritsas

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

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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, 2015, and have issued our report thereon dated January 15, 2016, 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 37 - 39, 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.

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Morse Wittwer Sampson, LLP

January 15, 2016
Fresno, California

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MARJAREE MASON CENTER, INC.

COMBINING SCHEDULE OF REVENUE, SUPPORT, AND EXPENSES

For the Year Ended September 30, 2015

(With Summarized Financial Information for the Year Ended September 30, 2014)

	County CDBG/ESG	Housing and Urban Development	California Office of Emergency Services	Department of Justice	First 5 Fresno County
Revenues, Gains and Other Support					
Grants and contracts	\$ 69,828	\$ 900,485	\$ 392,803	\$ 100,165	\$ 204,793
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	-	-	-	-	-
Total revenues, gains and other support	<u>69,828</u>	<u>900,485</u>	<u>392,803</u>	<u>100,165</u>	<u>204,793</u>
Expenses					
Accounting and legal	-	-	5,500	-	-
Advertising	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Bank charges	-	-	-	-	-
Computer services	-	7,889	3,387	-	-
Conferences, conventions, and meetings	1,499	1,488	-	1,306	-
Depreciation	-	-	-	-	-
Donated services and supplies	-	-	-	-	-
Dues and subscriptions	-	-	-	1,224	175
Employee benefits	13,795	162,909	89,056	11,255	47,423
Equipment rental, repairs and maintenance	1,853	83,974	9,960	2,328	112
Food	-	1,033	-	100	19
Insurance	-	10,331	285	98	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Office expense	-	872	710	435	2,627
Printing	254	139	1,088	749	211
Professional fees	-	15	-	15,901	-
Program supplies	-	51,437	755	2,040	1,103
Rent	810	1	-	990	-
Salaries	51,404	507,559	274,571	63,184	149,957
Security	-	2,902	70	-	-
Taxes and licenses	-	-	-	-	-
Utilities	511	69,936	7,743	561	3,166
Total expenses	<u>70,126</u>	<u>900,485</u>	<u>393,125</u>	<u>100,171</u>	<u>204,793</u>
Increase in Net Assets	<u>\$ (298)</u>	<u>\$ -</u>	<u>\$ (322)</u>	<u>\$ (6)</u>	<u>\$ -</u>

MARJAREE MASON CENTER, INC.

COMBINING SCHEDULE OF REVENUE, SUPPORT, AND EXPENSES

For the Year Ended September 30, 2015

(With Summarized Financial Information for the Year Ended September 30, 2014)

	Marriage License Fees	County Family Stabilization	Fresno County EOC	City CDBG/ESG
Revenues, Gains and Other Support				
Grants and contracts	\$ -	\$ 140,350	\$ 15,013	\$ 131,244
Contributions	134,014	-	-	-
Donated services and supplies	-	-	-	-
Special events	-	-	-	-
Program fees	-	-	-	-
Legacies and bequests	-	-	-	-
Earned loan forgiveness	-	-	-	-
Realized gain (loss) in fair value of assets	-	-	-	-
Unrealized gain (loss) in fair value of assets	-	-	-	-
Interest income	-	-	-	-
Gain (loss) on sale of assets	-	-	-	-
Total revenues, gains and other support	<u>134,014</u>	<u>140,350</u>	<u>15,013</u>	<u>131,244</u>
Expenses				
Accounting and legal	500	-	-	-
Advertising	-	-	-	-
Bad debt expense	-	-	-	-
Bank charges	-	-	-	-
Computer services	9,719	196	-	3,000
Conferences, conventions, and meetings	88	1,799	-	-
Depreciation	-	-	-	-
Donated services and supplies	-	-	-	-
Dues and subscriptions	220	-	-	-
Employee benefits	1,941	14,449	2,604	9,006
Equipment rental, repairs and maintenance	13,799	50,458	-	41,840
Food	1,826	-	-	-
Insurance	20,357	-	-	9,358
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Office expense	597	1,786	-	-
Printing	486	87	-	-
Professional fees	4,178	450	-	-
Program supplies	10,947	-	-	83
Rent	-	1,860	-	-
Salaries	6,338	60,955	12,184	28,359
Security	-	-	-	1,574
Taxes and licenses	-	-	-	-
Utilities	5,577	467	50	38,813
Total expenses	<u>76,573</u>	<u>132,507</u>	<u>14,838</u>	<u>132,033</u>
Increase in Net Assets	<u>\$ 57,441</u>	<u>\$ 7,843</u>	<u>\$ 175</u>	<u>\$ (789)</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, 2015

(With Summarized Financial Information for the Year Ended September 30, 2014)

	Contributions, Program Fees & Other	Total	
		2015	2014
Revenues, Gains and Other Support			
Grants and contracts	\$ 204,870	\$ 2,159,551	\$ 1,891,149
Contributions	1,128,863	1,262,877	1,469,089
Donated services and supplies	258,752	258,752	302,354
Special events	197,002	197,002	128,979
Program fees	194,420	194,420	208,310
Legacies and bequests	5,000	5,000	56,195
Earned loan forgiveness	-	-	-
Unrealized gain (loss) in fair value of investments	(53,415)	(53,415)	58,753
Unrealized gain (loss) in fair value of perpetual trusts	(2,001)	(2,001)	9,602
Interest income	406	406	340
Gain (loss) on sale of assets	-	-	700
Total revenues, gains and other support	1,933,897	4,022,592	4,125,471
Expenses			
Accounting and legal	12,300	18,300	19,000
Advertising	7,865	7,865	1,850
Bad debt expense	-	-	-
Bank charges	442	442	785
Computer Services	14,531	38,722	26,415
Conferences, conventions, and meetings	74,101	80,281	58,046
Depreciation	212,349	212,349	213,531
Donated services and supplies	210,590	210,590	280,058
Dues and subscriptions	7,090	8,709	7,578
Employee benefits	214,941	567,379	633,737
Equipment rental, repairs and maintenance	108,309	312,633	236,518
Food	6,604	9,582	20,519
Insurance	3,997	44,426	43,521
Interest	45,000	45,000	-
Miscellaneous	545	545	5,973
Office expense	11,384	18,411	19,794
Printing	12,803	15,817	8,418
Professional fees	28,678	49,222	73,174
Program supplies	45,574	111,939	50,047
Rent	47,774	51,435	51,540
Salaries	907,606	2,062,117	1,958,292
Security	649	5,195	3,170
Taxes and licenses	1,456	1,456	506
Utilities	38,697	165,521	133,911
Total expenses	2,013,285	4,037,936	3,846,383
Increase in Net Assets	\$ (79,388)	\$ (15,344)	\$ 279,088

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