

## COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

To the Governance Committee  
Marjaree Mason Center, Inc.

We have audited the financial statements of Marjaree Mason Center, Inc. (the "Organization") as of and for the year ended September 30, 2016, and have issued our report thereon dated March 19, 2017. Professional standards require that we provide you with the following information related to our audit.

### OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

As stated in our engagement letter dated August 10, 2016, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we considered the Organization's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in the engagement letter and planning memorandum.

**MOSS ADAMS<sub>LLP</sub>**

To the Governance Committee  
Marjaree Mason Center, Inc.

**SIGNIFICANT AUDIT FINDINGS AND ISSUES****Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies during 2016. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

However we would like to remind management there is a new non-profit financial reporting model that will be required to be implemented for the Organization's 2017/2018 fiscal year. We recommend management consider training in this new standard for the Director of Finance.

**Significant Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not identify any significant accounting estimates.

**Financial Statement Disclosures**

The disclosures in the financial statements are consistent, clear and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. *We did not identify any sensitive disclosures affecting the financial statements.*

**Significant Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

**MOSS ADAMS<sub>LLP</sub>**

To the Governance Committee  
Marjaree Mason Center, Inc.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

*Corrected Misstatements: None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements as a whole.*

Uncorrected Misstatements: There were no uncorrected misstatements.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March 19, 2017.

**Management Consultation with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Significant Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

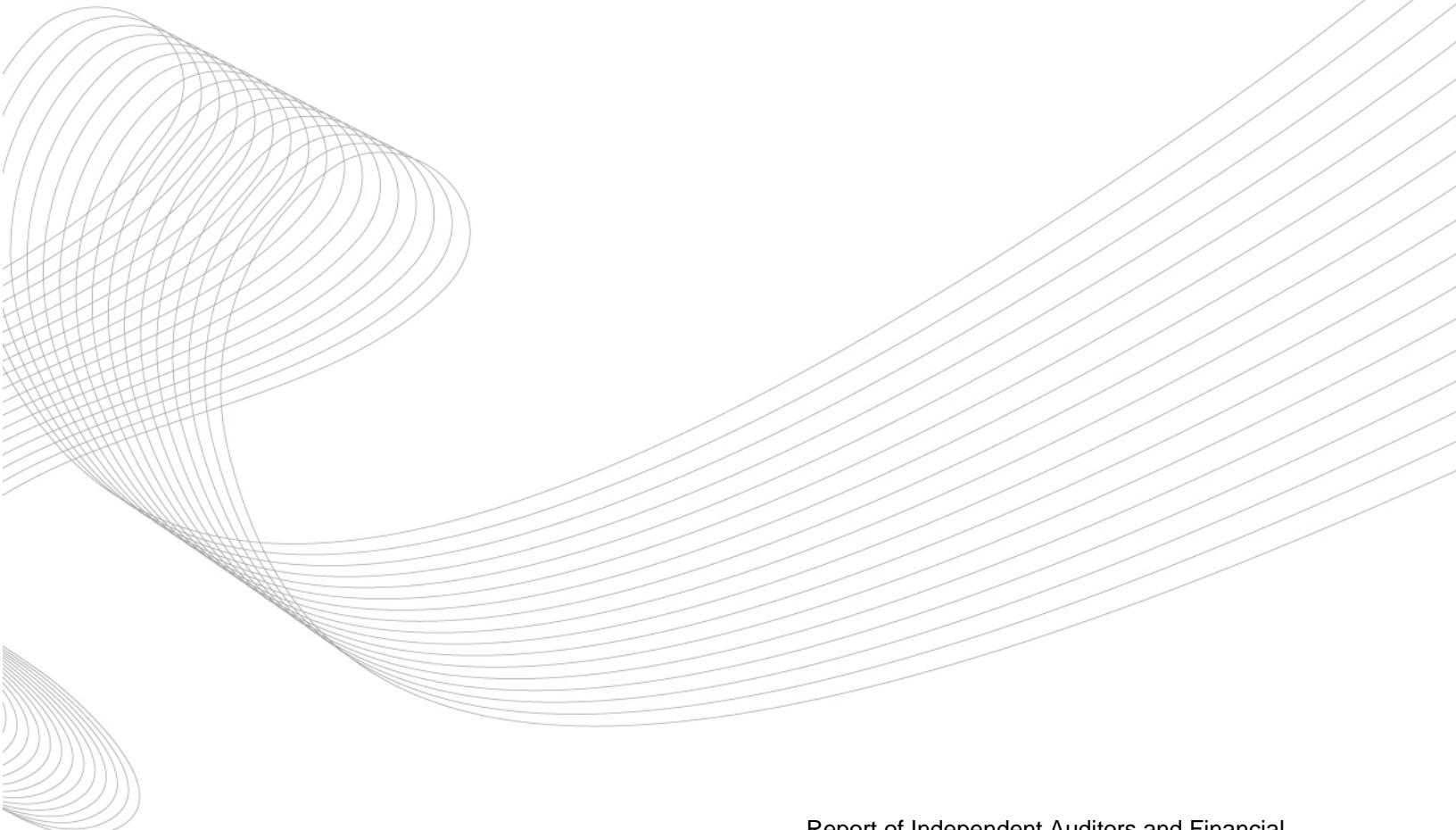
**MOSS-ADAMS<sub>LLP</sub>**

To the Governance Committee  
Marjaree Mason Center, Inc.

We would like to remind management the importance of establishing committee guidelines (charters, bylaws) and maintaining written minutes documenting items discussed at committee meetings.

This information is intended solely for the use of the governance committee and management of Marjaree Mason Center, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Fresno, California  
March 19, 2017



Report of Independent Auditors and Financial  
Statements with Supplementary Information

**MARJAREE MASON CENTER,  
INC.**

September 30, 2016 and 2015

**MOSS-ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

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## REPORT OF INDEPENDENT AUDITORS

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Marjaree Mason Center, Inc., a non-profit organization, which comprise the statement of financial position as of September 30, 2016, 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 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 Marjaree Mason Center, Inc. as of September 30, 2016, 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**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. 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.

#### *Prior Period Financial Statements and Report on Summarized Comparative Information*

The financial statements of Marjaree Mason Center, Inc. as of September 30, 2015, were audited by other auditors whose reported dated January 15, 2016, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative financial information presented herein as of and for the



year ended September 30, 2015 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 March 19, 2017, on our consideration of Marjaree Mason Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Marjaree Mason Center, Inc.'s internal control over financial reporting and compliance.

Moss Adams LLP

Fresno, California

March 19, 2017

**MARJAREE MASON CENTER, INC.**

**STATEMENTS OF FINANCIAL POSITION**  
**September 30, 2016 and 2015**

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
Current Assets		
Cash and cash equivalents	\$ 254,975	\$ 324,392
Certificates of deposit	207,152	206,894
Investments in marketable securities	1,327,112	1,319,750
Grants receivable, net	889,878	487,629
Pledges receivable, net	14,205	74,849
Other receivables, net	92,110	2,481
Prepaid expenses	70,998	124,420
Deposits	82,167	71,941
<b>Total current assets</b>	<b>2,938,597</b>	<b>2,612,356</b>
Property and Equipment, Net	3,043,351	3,202,359
Construction in Progress	800	46,920
Beneficial Interest in Perpetual Trusts	173,466	165,110
	<b>\$ 6,156,214</b>	<b>\$ 6,026,745</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 67,926	\$ 64,187
Accrued expenses	310,572	262,689
Deferred revenue	122,251	111,184
<b>Total current liabilities</b>	<b>500,749</b>	<b>438,060</b>
Long-Term Debt	1,000,000	1,000,000
<b>Total liabilities</b>	<b>1,500,749</b>	<b>1,438,060</b>
Commitments and Contingencies	-	-
Net Assets		
Permanently restricted	173,466	165,110
Temporarily restricted	645,210	765,932
Unrestricted	3,836,789	3,657,643
	<b>4,655,465</b>	<b>4,588,685</b>
	<b>\$ 6,156,214</b>	<b>\$ 6,026,745</b>

See Report of Independent Auditors and Notes to Financial Statements.

MARJAREE MASON CENTER, INC.

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2016

(With Summarized Financial Information for the Year Ended September 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2016	2015
<b>Revenues, Gains, and Other Support</b>					
Grants and contracts	\$ 2,991,439	\$ -	\$ -	\$ 2,991,439	\$ 2,159,551
Contributions	608,943	394,913	-	1,003,856	1,262,877
In-kind donations	218,498	-	-	218,498	258,752
Special events	327,773	-	-	327,773	197,002
Program fees	284,580	-	-	284,580	194,420
Legacies and bequests	-	-	-	-	5,000
Unrealized gain (loss) in fair value of investments	104,390	-	-	104,390	( 53,415)
Unrealized gain (loss) in fair value of perpetual trusts	-	-	8,356	8,356	( 2,001)
Interest and dividend income	280	-	-	280	406
<b>Total revenues, gains, and other support</b>	<b>4,535,903</b>	<b>394,913</b>	<b>8,356</b>	<b>4,939,172</b>	<b>4,022,592</b>
Net assets released from restrictions:					
Restrictions satisfied by payment of related expenses	515,635	( 515,635)	-	-	-
<b>Total revenues, gains, and other support after net assets released from restrictions</b>	<b>5,051,538</b>	<b>( 120,722)</b>	<b>8,356</b>	<b>4,939,172</b>	<b>4,022,592</b>
<b>Expenses</b>					
Program	4,086,709	-	-	4,086,709	3,381,845
Supporting services	504,845	-	-	504,845	471,151
Fundraising	247,819	-	-	247,819	184,940
<b>Total expenses</b>	<b>4,839,373</b>	<b>-</b>	<b>-</b>	<b>4,839,373</b>	<b>4,037,936</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 212,165</b>	<b>\$( 120,722)</b>	<b>\$ 8,356</b>	<b>\$ 99,799</b>	<b>\$( 15,344)</b>

See Report of Independent Auditors and Notes to Financial Statements.

**MARJAREE MASON CENTER, INC.**

**STATEMENT OF CHANGES IN NET ASSETS**

**For the Year Ended September 30, 2016**

**(With Summarized Financial Information for the Year Ended September 30, 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
				<u>2016</u>	<u>2015</u>
Net assets, beginning of year	\$ 3,657,643	\$ 765,932	\$ 165,110	\$ 4,588,685	\$ 4,579,960
Increase (decrease) in net assets	212,165	( 120,722)	8,356	99,799	( 15,344)
Contribution of grant funded assets	25,834	-	-	25,834	76,439
Depreciation on grant funded assets	( 58,853)	-	-	( 58,853)	( 52,370)
<b>Net assets, end of year</b>	<u>\$ 3,836,789</u>	<u>\$ 645,210</u>	<u>\$ 173,466</u>	<u>\$ 4,655,465</u>	<u>\$ 4,588,685</u>

See Report of Independent Auditor and Notes to Financial Statements.

**MARJAREE MASON CENTER, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended September 30, 2016**

**(With Summarized Financial Information for the Year Ended September 30, 2015)**

	<u>Program</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>	
				<u>2016</u>	<u>2015</u>
Accounting and legal	\$ 11,549	\$ 91,356	\$ -	\$ 102,905	\$ 18,300
Advertising	213	-	11,150	11,363	7,865
Bank charges	75	586	-	661	442
Computer services	27,366	10,335	538	38,239	38,722
Conferences, conventions, and meetings	45,677	3,153	93,868	142,698	80,281
Depreciation	174,270	17,192	1,577	193,039	212,349
Donated services and supplies	231,423	-	3,737	235,160	210,590
Dues and subscriptions	3,806	2,424	1,145	7,375	8,709
Employee benefits	527,749	71,572	8,429	607,750	567,379
Equipment rental, repairs, and maintenance	245,090	17,375	30,174	292,639	312,633
Food	7,438	658	75	8,171	9,582
Insurance	39,728	12,934	-	52,662	44,426
Interest	-	30,000	-	30,000	45,000
Miscellaneous	684	1,256	-	1,940	545
Office expense	23,253	2,394	1,763	27,410	18,411
Printing	7,273	5,511	8,405	21,189	15,817
Professional fees	74,715	23,167	14,842	112,724	49,222
Program supplies	255,211	342	5,390	260,943	111,939
Rent	94,977	-	10,148	105,125	51,435
Salaries	2,135,378	209,099	55,322	2,399,799	2,062,117
Security	6,252	1,471	-	7,723	5,195
Taxes and licenses	850	663	-	1,513	1,456
Utilities	173,732	3,357	1,256	178,345	165,521
	<u>\$ 4,086,709</u>	<u>\$ 504,845</u>	<u>\$ 247,819</u>	<u>\$4,839,373</u>	<u>\$ 4,037,936</u>

See Report of Independent Auditors and Notes to Financial Statements.

**MARJAREE MASON CENTER, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended September 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Increase (decrease) in net assets	\$ 99,799	\$( 15,344)
Adjustment to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Depreciation	193,039	212,349
Donations of property and equipment	-	( 31,500)
Accrual of interest on note payable	-	45,000
Unrealized (gain) loss in fair value of investments	( 104,392)	53,415
Unrealized (gain) loss in fair value of perpetual trusts	( 8,356)	2,001
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	( 402,249)	88,615
(Increase) decrease in other receivables	( 28,985)	( 12,468)
(Increase) decrease in prepaid expenses	53,422	( 42,419)
(Increase) decrease in deposits	( 10,226)	( 14,120)
Increase (decrease) in accounts payable	3,739	( 267,926)
Increase (decrease) in accrued expenses	47,883	( 3,921)
Increase (decrease) in deferred revenue	11,067	67,389
<b>Net cash provided by (used in) operating activities</b>	<b>( 145,259)</b>	<b>81,071</b>
Cash Flows From Investing Activities:		
Payments for construction in progress	( 13,686)	( 167,271)
Purchase of property and equipment	( 10,214)	( 21,037)
Proceeds from sale of investments	100,000	100,000
Purchases of certificates of deposit	( 207,152)	( 206,894)
Maturities of certificates of deposit	206,894	206,535
<b>Net cash provided by (used in) investing activities</b>	<b>75,842</b>	<b>( 88,667)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	( 69,417)	( 7,596)
Cash and Cash Equivalents, Beginning of Year	<u>324,392</u>	<u>331,988</u>
Cash and Cash Equivalents, End of Year	<u>\$ 254,975</u>	<u>\$ 324,392</u>
Non-Cash Investing and Financing Activities:		
Contribution of grant funded assets	<u>\$ 25,834</u>	<u>\$ 76,439</u>
Depreciation on grant funded assets	<u>\$ 58,853</u>	<u>\$ 52,370</u>
Construction in progress placed in service	<u>\$ 85,640</u>	<u>\$ 115,099</u>

See Report of Independent Auditors and Notes to Financial Statements.

**MARJAREE MASON CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2016 and 2015**

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

Nature of Activities: Marjaree Mason Center, Inc. (the "Organization"), a California nonprofit corporation, 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, the County of Fresno, U.S. Department of Housing & Urban Development, California Office of Emergency Services, and First 5 of Fresno County.

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: Unrestricted net assets 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. The Organization had unrestricted net assets of \$3,836,789 and \$3,657,643 at September 30, 2016 and 2015, respectively.

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 stipulated time restriction expires 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. At September 30, 2016 and 2015, the Organization had temporarily restricted net assets of \$645,210 and \$765,932, respectively.

Permanently Restricted: Permanently restricted 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 \$173,466 and \$165,110 at September 30, 2016 and 2015, 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, 2016 and 2015**

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**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 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, 2016, the Organization acquired two certificates of deposit from two financial institutions totaling \$207,152, which are covered under the same FDIC coverage. Uninsured cash and cash equivalents totaled \$0 and \$11,824, at September 30, 2016 and 2015, 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 \$250,000 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, 2016 and 2015, management considered all accounts to be fully collectible, and therefore, no allowance was recorded in the accompanying financial statements.

The Organization grants credit 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, 2016 and 2015 amounted to \$14,205 and \$74,849, respectively, and are considered to be fully collectible within one year.

Property and Equipment: According to the Organization's policy, property and equipment acquisitions over \$500 are capitalized. 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.



**MARJAREE MASON CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2016 and 2015**

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

Property and Equipment (continued): 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 event 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. For the years ended September 30, 2016 and 2015, advertising costs expensed amounted to \$11,363 and \$7,865, respectively; no costs were capitalized.

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2016 and 2015**

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**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 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 2011 are open for examination. State income tax returns for the years subsequent to 2012 are open to examination.

Summarized Comparative Information: The accompanying financial statements include certain prior year comparative information in summarized form, without net asset class detail. 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 prior year ended September 30, 2015, from which the summarized information was derived.

**MARJAREE MASON CENTER, INC.****NOTES TO FINANCIAL STATEMENTS  
For the Years Ended September 30, 2016 and 2015****Note 2. Grants Receivable**

Grants receivable consisted of the following at September 30:

	<u>2016</u>	<u>2015</u>
California Office of Emergency Services	\$ 208,866	\$ 94,612
City of Fresno	186,550	43,243
U.S. Department of Housing and Urban Development	177,516	197,383
County of Fresno	102,008	-
County Department of Social Services	47,375	47,375
First 5 of Fresno County	38,989	26,525
Fresno Sheriff's Department	33,101	26,097
Fresno County EOC	28,845	1,452
Department of Justice	24,968	14,167
Medi-Cal	16,630	4,886
County CDBG	10,791	17,846
Victims of Crime	7,770	6,771
Superior Courts of Fresno	6,469	-
Fresno Police Department	-	2,793
FEMA	-	4,479
	<u>\$ 889,878</u>	<u>\$ 487,629</u>

**Note 3. Property and Equipment**

Property and equipment consisted of the following at September 30:

	<u>2016</u>	<u>2015</u>
Building and land improvements	\$ 4,584,010	\$ 4,550,401
Leasehold improvements	618,332	591,423
Equipment	388,244	358,093
Buildings	660,387	660,387
Furniture and fixtures	148,222	146,007
Vehicles	134,523	134,523
Land	29,064	29,064
	<u>6,562,782</u>	<u>6,469,898</u>
Less: Accumulated depreciation	<u>( 3,519,431)</u>	<u>( 3,267,539)</u>
	<u>\$ 3,043,351</u>	<u>\$ 3,202,359</u>
Construction in progress	<u>\$ 800</u>	<u>\$ 46,920</u>

**MARJAREE MASON CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**For the Years Ended September 30, 2016 and 2015**

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**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 values its interest in these trusts based on the fair value of each trust's underlying assets. At September 30, balances consisted of the following:

	<u>2016</u>	<u>2015</u>
Burks' Trust (5% interest)	\$ 162,502	\$ 154,660
Nine Trust (5% interest)	<u>10,964</u>	<u>10,450</u>
	<u>\$ 173,466</u>	<u>\$ 165,110</u>

During the year ended September 30, 2016, the Organization's portion of unrealized gain was \$8,356. During the year ended September 30, 2015, the Organization's portion of unrealized loss was \$2,001.

**MARJAREE MASON CENTER, INC.****NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2016 and 2015****Note 5. Investments in Marketable Securities**

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

	<u>2016</u>	<u>2015</u>
Mutual Funds		
James Balance Golden Rainbow Retail CL	\$ 126,551	\$ 126,812
Lord Abbett Short Duration Inc. CL C	114,014	110,832
Matthews Asia Dividend Investor CL	87,070	76,456
Fidelity Advisor Strategic Income CL A	83,082	78,505
Columbia Strategic Income CL A	75,000	71,614
Alliance Bernstein High Income CL A	73,727	71,173
Franklin Strategic Income CL A	73,418	71,129
MFS Research Bond CL A	69,801	68,269
Janus High Yield CL A	62,545	60,834
JP Morgan Equity Income CL A	60,583	54,870
BlackRock Global Dividend CL A	59,130	87,343
Fidelity Advisor Emerging Markets Inc. CL A	57,856	51,494
Legg Mason BW Global	55,766	50,387
Oppenheimer Global Strategic Income CL A	49,963	48,951
Columbia Emerging Markets Bond	46,806	40,409
Franklin Income CL A	44,124	41,182
Dreyfus International Bond CL A	43,904	41,845
Templeton Global Bond CL A	42,293	70,184
American Century Diversified Bond	32,846	32,045
Invesco Balanced Risk Allocation CL A	32,176	30,669
Permanent Portfolio	18,198	17,219
Columbia Seligman Global	10,372	8,906
Janus Global Life Sciences CL A	7,887	8,622
	<u>\$ 1,327,112</u>	<u>\$ 1,319,750</u>

During the years ended September 30, 2016 and 2015, dividend income reinvested into mutual funds was approximately \$39,000 and \$53,000, respectively. During the years ended September 30, 2016 and 2015, unrealized gain (loss) was approximately \$104,000 and \$(53,000), respectively. During the years ended September 30, 2016 and 2015, proceeds from the sales of investments were approximately \$100,000 and \$100,000, respectively.

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2016 and 2015**

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**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. 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 Organization. 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, 2016 and 2015**

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**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, 2016:

Assets at Fair Value as of September 30, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
Blended Bond	\$ 480,759	\$ -	\$ -	\$ 480,759
International Bond	277,928	-	-	277,928
Domestic Bond	253,529	-	-	253,529
Balanced Fund	126,551	-	-	126,551
Blended Asset	50,374	-	-	50,374
Blended Stock	69,502	-	-	69,502
Domestic Stock	68,469	-	-	68,469
Total mutual funds	<u>1,327,112</u>	<u>-</u>	<u>-</u>	<u>1,327,112</u>
Beneficial Interest in Perpetual Trusts	<u>-</u>	<u>173,466</u>	<u>-</u>	<u>173,466</u>
Total assets at fair value	<u>\$ 1,327,112</u>	<u>\$ 173,466</u>	<u>\$ -</u>	<u>\$ 1,500,578</u>

**MARJAREE MASON CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2016 and 2015**

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**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, 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	-	165,110	-	165,110
Total assets at fair value	<u>\$ 1,319,750</u>	<u>\$ 165,110</u>	<u>\$ -</u>	<u>\$ 1,484,860</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, 2016 and 2015, 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 0.5%, with a minimum interest rate of 5.0%. At September 30, 2016, the effective interest rate was 5.0%. The line of credit matures July 31, 2017. At September 30, 2016 and 2015, there was no outstanding balance on the line of credit.



**MARJAREE MASON CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2016 and 2015**

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**Note 8. Long-Term Debt**

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

	<u>2016</u>	<u>2015</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 \$75,000 at September 30, 2016. Repayment is deferred as long as the property is used as an emergency shelter or transitional housing. The loan's 7-year term expires September 2021. Upon expiration, 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 10-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, 2016.

The Organization leases office space in Fresno for the Batterers' Intervention Program under an operating lease. Monthly lease payments are approximately \$3,684, with terms ending September 30, 2020.

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, 2016.

The Organization leases office equipment under various lease agreements. 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, 2016 and 2015**

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**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>
2017	\$ 105,939
2018	54,394
2019	53,896
2020	54,513
2021	4,201
Thereafter	3,450
	<u>\$ 276,393</u>

Rent expense under operating leases for the years ended September 30, 2016 and 2015, respectively, was approximately \$111,000 and \$65,000.

**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>2016</u>	<u>2015</u>
Shelter, food, and supplies for clients and children	\$ 328,396	\$ 487,263
Education and outreach	151,137	113,587
Clovis shelter	43,619	72,909
Facilities maintenance	45,136	33,197
Auto maintenance	24,243	26,113
Programs and counseling	38,941	21,990
Reedley facility	13,738	10,873
	<u>\$ 645,210</u>	<u>\$ 765,932</u>

**Note 11. Retirement Plan**

The Organization established a 401(k) Retirement Plan covering all active, full-time employees aged 21 or older. No matching contributions were made during the years ended September 30, 2016 and 2015.

**MARJAREE MASON CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2016 and 2015**

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**Note 12. In-Kind Donations**

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

	<u>2016</u>	<u>2015</u>
Fresno, Clovis, and Reedley shelters	\$ 99,366	\$ 126,895
Trained volunteers	57,149	80,357
MJR Creative Group	54,875	-
Meathead Movers	7,108	20,000
Donated other services	19,113	44,058
Matson Alarm	-	31,500
	<u>\$ 237,611</u>	<u>\$ 302,810</u>

Included in the above totals for the years ended September 30, 2016 and 2015 are \$20,845 and \$44,058, respectively, of non-specialized services, which are not recorded in the accompanying statements 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, 2016 and 2015 comprise approximately 66% and 66%, respectively, of total unrestricted revenue. The following is a summary of total grants and contracts received by agency for the year ended September 30, 2016:

<u>Granting and Contracting Agency</u>	<u>Amount</u>	<u>Percentage</u>
Department of Housing and Urban Development	\$ 854,475	29%
County of Fresno	674,200	23
California Office of Emergency Services	605,296	20
City of Fresno	274,872	9
Other contracts	174,924	5
First 5 of Fresno County	138,878	5
Department of Justice	135,547	5
Fresno Unified School District	70,514	2
Fresno County EOC	53,497	2
Federal Emergency Management Agency	6,236	0
California Health Collaborative	3,000	0
	<u>\$ 2,991,439</u>	<u>100%</u>

**MARJAREE MASON CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended September 30, 2016 and 2015**

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**Note 14. Subsequent Events**

The date to which events occurring after September 30, 2016, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is March 19, 2017, which is the date on which the financial statements were available to be issued. Based on the inquiries and audit procedures performed, we are unaware of any material subsequent events that are not already properly presented and disclosed in the notes to the financial statements for the period audited.

**SINGLE AUDIT SECTION**

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

To the Board of Directors  
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, which comprise the statement of financial position as of September 30, 2016, 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 March 19, 1917.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Marjaree Mason Center, Inc.'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 Marjaree Mason Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Marjaree Mason Center, Inc.'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 Marjaree Mason Center, Inc.'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 Marjaree Mason Center, Inc.'s internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Fresno, California  
March 19, 2017

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR  
THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

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

We have audited Marjaree Mason Center, Inc.'s, a non-profit organization, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Marjaree Mason Center, Inc.'s major federal program for the year ended September 30, 2016. Marjaree Mason Center, Inc.'s major federal program is 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 program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Marjaree Mason Center, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Marjaree Mason Center, Inc.'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 the major federal program. However, our audit does not provide a legal determination of Marjaree Mason Center, Inc.'s compliance.

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

In our opinion, Marjaree Mason Center, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2016.

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

Management of Marjaree Mason Center, Inc. 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 Marjaree Mason Center, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances, for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Marjaree Mason Center, Inc.'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 the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP

Fresno, California

March 19, 2017

MARJAREE MASON CENTER, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2016**

Pass-through Grantor/Federal Grantor/Program Title	Federal CFDA #	Award Number	Program or Award Amount	Total Costs Expended
<b>Department of Housing and Urban Development</b>				
HUD Reedley- Supportive Housing	14.235	CA0768L9T141406	\$ 293,323	\$ 180,429
Project Next Step- Supportive Housing	14.235	CA0767L9T141406	108,145	49,070
Project Next Step- Supportive Housing	14.235	CA0767L9T141204	108,145	23,275
Downtown Transition- Supportive Housing	14.235	CA0842L9T141403	224,280	56,824
Downtown Transition- Supportive Housing	14.235	CA0842L9T141302	224,280	176,276
HUD Clovis- Supportive Housing	14.235	CA0974B9T141000	222,501	59,231
HUD Clovis- Supportive Housing	14.235	CA0974L9T141401	222,501	162,323
HUD Welcome Home	14.235	CA1185L9T141200	163,684	34,754
HUD Welcome Home	14.235	CA1185L9T141401	161,055	112,293
				<u>854,475</u>
<b>Pass-through from Department of Housing and Urban Development</b>				
City of Fresno- ESG	14.231	70722	194,750	142,817
City of Fresno- ESG	14.231		125,299	114,055
County of Fresno- ESG	14.231			1,067
County of Fresno- CDBG	14.218	A-14-697	50,977	48,395
City of Fresno- CDBG	14.218	N/A	59,000	18,000
				<u>324,334</u>
Department of Housing and Urban Development - Total				<u>1,178,809</u>
<b>Federal Emergency Management Agency</b>				
Emergency Food and Shelter Program - Phase 32	97.024			<u>6,236</u>
<b>California Office of Emergency Services</b>				
Domestic Violence Assistance Program (VOCA 2014)	16.575	DV15291257	212,100	172,531
Domestic Violence Assistance Program (VOCA 2015)	16.575	DV15291257	63,177	63,177
Domestic Violence Assistance Program (VOCA 2015)	16.575	DV16301257	275,280	84,280
Teen Dating Violence (VAWA 2014)	16.588	TV15011257	100,000	32,870
Teen Dating Violence (VAWA 2015)	16.588	TV15011257	25,000	1,562
Unserved/Underserved Victim Advocacy	16.575	XV15011257	175,000	54,722
				<u>409,142</u>
<b>Department of Justice</b>				
Legal Assistance to Victims	16.unknown	2014-WL-AX-0024	500,000	135,547
		<b>Total Expenditures of Federal Awards</b>		<u>\$ 1,729,734</u>

**MARJAREE MASON CENTER, INC.**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2016**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Majaree Mason Center, Inc. (the Organization) under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of 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 the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the Schedule. Pass-through entity identifying numbers are presented where available.

Marjaree Mason Center, Inc. does not provide federal funds to sub-recipients.

**Note 3. Indirect Cost Rate**

Marjaree Mason Center, Inc. has elected to use the de minimis indirect cost allowed under the *Uniform Guidance* when applicable.

**Note 4. 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, 2016**

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

**FINANCIAL STATEMENTS**

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                      Yes       x       No

Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted?                      Yes       x       No

**FEDERAL AWARDS**

Internal control over major federal programs:

Material weakness(es) identified?                      Yes       x       No

Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?                      Yes       x       No

Identification of major federal programs:

Department of Housing & Urban Development - 14.235

Dollar threshold used to distinguish between Type A and Type B programs:       \$750,000      

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

**MARJAREE MASON CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2016**

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**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, 2016.

**MARJAREE MASON CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2016**

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**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, 2016.

**MARJAREE MASON CENTER, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2016**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

There were no reportable findings related to federal awards for the prior fiscal year ended September 30, 2015.



## **SUPPLEMENTARY INFORMATION**

**REPORT OF INDEPENDENT AUDITORS  
ON SUPPLEMENTARY INFORMATION**

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

We have audited the financial statements of Marjaree Mason Center, Inc., a non-profit corporation, as of and for the year ended September 30, 2016, and have issued our report thereon dated March 19, 2017, 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.

*Moss Adams LLP*

March 19, 2017  
Fresno, California

**MARJAREE MASON CENTER, INC.**

**COMBINING SCHEDULE OF REVENUE, SUPPORT, AND EXPENSES**

**For the Year Ended September 30, 2016**

**(With Summarized Financial Information for the Year Ended September 30, 2015)**

	<u>County of Fresno</u>	<u>Housing and Urban Development</u>	<u>California Office of Emergency Services</u>	<u>Department of Justice</u>
<b>Revenues, Gains, and Other Support</b>				
Grants and contracts	\$ 178,202	\$ 854,475	\$ 605,296	\$ 135,547
Contributions	-	-	-	-
Donated services and supplies	-	-	-	-
Special events	-	-	-	-
Program fees	-	-	-	-
Legacies and bequests	-	-	-	-
Unrealized gain (loss) in fair value of investments	-	-	-	-
Unrealized gain (loss) in fair value of perpetual trust	-	-	-	-
Interest income	-	-	-	-
<b>Total revenues, gains, and other support</b>	<u>178,202</u>	<u>854,475</u>	<u>605,296</u>	<u>135,547</u>
<b>Expenses</b>				
Accounting and legal	-	6,049	5,500	-
Advertising	-	-	-	-
Bank charges	-	-	-	-
Computer services	-	5,163	4,950	-
Conferences, conventions, and meetings	5,160	2,263	1,530	1,062
Depreciation	-	-	-	-
Donated services and supplies	-	-	-	-
Dues and subscriptions	-	-	-	764
Employee benefits	28,356	132,321	106,811	13,924
Equipment rental, repairs, and maintenance	10,369	29,605	35,616	1,593
Food	-	655	968	-
Insurance	-	25,228	2,442	224
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Office expense	331	1,933	2,966	764
Printing	1,416	108	1,901	-
Professional fees	-	290	72	22,357
Program supplies	1,950	91,823	8,649	-
Rent	4,920	271	-	990
Salaries	122,754	480,180	407,960	93,491
Security	-	2,603	1,274	-
Taxes and licenses	-	808	-	-
Utilities	1,462	75,174	24,338	378
<b>Total expenses</b>	<u>176,718</u>	<u>854,474</u>	<u>604,977</u>	<u>135,547</u>
<b>Increase (decrease) in net assets</b>	<u>\$ 1,484</u>	<u>\$ 1</u>	<u>\$ 319</u>	<u>\$ -</u>

See Report of Independent Auditors on Supplementary Information.

**MARJAREE MASON CENTER, INC.**

**COMBINING SCHEDULE OF REVENUE, SUPPORT, AND EXPENSES**

**For the Year Ended September 30, 2016**

**(With Summarized Financial Information for the Year Ended September 30, 2015)**

	<b>Marriage License Fees</b>	<b>County Family Stabilization</b>	<b>Fresno County EOC</b>	<b>City CDBG/ESG</b>
<b>Revenues, Gains, and Other Support</b>				
Grants and contracts	\$ -	\$ 495,998	\$ 53,497	\$ 274,872
Contributions	133,477	-	-	-
Donated services and supplies	-	-	-	-
Special events	-	-	-	-
Program fees	-	-	-	-
Legacies and bequests	-	-	-	-
Unrealized gain (loss) in fair value of investments	-	-	-	-
Unrealized gain (loss) in fair value of perpetual trusts	-	-	-	-
Interest income	-	-	-	-
<b>Total revenues, gains, and other support</b>	<b>133,477</b>	<b>495,998</b>	<b>53,497</b>	<b>274,872</b>
<b>Expenses</b>				
Accounting and legal	-	-	-	-
Advertising	-	-	-	-
Bank charges	-	-	-	-
Computer services	5,842	1,943	-	-
Conferences, conventions, and meetings	-	11,118	344	262
Depreciation	-	-	-	-
Donated services and supplies	-	-	-	-
Dues and subscriptions	1,443	-	-	-
Employee benefits	3,771	56,765	9,272	7,867
Equipment rental, repairs, and maintenance	15,518	30,607	2,544	66,582
Food	897	413	-	-
Insurance	11,567	3,298	-	7,113
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Office expense	637	5,044	170	66
Printing	394	608	-	43
Professional fees	4,886	616	430	-
Program supplies	8,570	827	1,158	111,420
Rent	-	46,640	-	-
Salaries	17,215	238,660	38,369	37,182
Security	84	2,281	-	1,282
Taxes and licenses	263	42	-	-
Utilities	2,697	13,407	1,085	42,785
<b>Total expenses</b>	<b>73,784</b>	<b>412,269</b>	<b>53,372</b>	<b>274,602</b>
<b>Increase (decrease) in net assets</b>	<b>\$ 59,693</b>	<b>\$ 83,729</b>	<b>\$ 125</b>	<b>\$ 270</b>

See Report of Independent Auditors on Supplementary Information.

**MARJAREE MASON CENTER, INC.**

**COMBINING SCHEDULE OF REVENUE, SUPPORT, AND EXPENSES**

**For the Year Ended September 30, 2016**

**(With Summarized Financial Information for the Year Ended September 30, 2015)**

	First 5 Fresno County	Contributions, Program Fees, and Other	Total	
			2016	2015
<b>Revenues, Gains, and Other Support</b>				
Grants and contracts	\$ 138,878	\$ 254,674	\$ 2,991,439	\$ 2,159,551
Contributions	-	870,379	1,003,856	1,262,877
Donated services and supplies	-	218,498	218,498	258,752
Special events	-	327,773	327,773	197,002
Program fees	-	284,580	284,580	194,420
Legacies and bequests	-	-	-	5,000
Unrealized gain (loss) in fair value of investments	-	104,390	104,390	( 53,415)
Unrealized gain (loss) in fair value of perpetual trusts	-	8,356	8,356	( 2,001)
Interest income	-	280	280	406
<b>Total revenues, gains, and other support</b>	<b>138,878</b>	<b>2,068,930</b>	<b>4,939,172</b>	<b>4,022,592</b>
<b>Expenses</b>				
Accounting and legal	-	91,356	102,905	18,300
Advertising	-	11,363	11,363	7,865
Bank charges	-	661	661	442
Computer services	-	20,341	38,239	38,722
Conferences, conventions, and meetings	-	120,959	142,698	80,281
Depreciation	-	193,039	193,039	212,349
Donated services and supplies	-	235,160	235,160	210,590
Dues and subscriptions	-	5,168	7,375	8,709
Employee benefits	32,803	215,860	607,750	567,379
Equipment rental, repairs, and maintenance	307	99,898	292,639	312,633
Food	996	4,242	8,171	9,582
Insurance	-	2,790	52,662	44,426
Interest	-	30,000	30,000	45,000
Miscellaneous	-	1,940	1,940	545
Office expense	1,318	14,181	27,410	18,411
Printing	43	16,676	21,189	15,817
Professional fees	-	84,073	112,724	49,222
Program supplies	1,684	34,862	260,943	111,939
Rent	-	52,304	105,125	51,435
Salaries	100,376	863,612	2,399,799	2,062,117
Security	-	199	7,723	5,195
Taxes and licenses	-	400	1,513	1,456
Utilities	1,351	15,668	178,345	165,521
<b>Total expenses</b>	<b>138,878</b>	<b>2,114,752</b>	<b>4,839,373</b>	<b>4,037,936</b>
<b>Increase (decrease) in net assets</b>	<b>\$ -</b>	<b>\$( 45,822)</b>	<b>\$ 99,799</b>	<b>\$( 15,344)</b>

See Report of Independent Auditors on Supplementary Information.