

**Far Northern Coordinating Council  
on Developmental Disabilities**

**Redding, California**

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORTS

**June 30, 2019**



# Far Northern Coordinating Council on Developmental Disabilities

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June 30, 2019

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Far Northern Coordinating Council on  
Developmental Disabilities  
Redding, California

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

We have audited the accompanying financial statements of Far Northern Coordinating Council on Developmental Disabilities (Far Northern Regional Center), a California nonprofit corporation, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Far Northern Regional Center'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 Far Northern Regional Center'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.

## INDEPENDENT AUDITORS' REPORT

(Continued)

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 Far Northern Regional Center as of June 30, 2019, 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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2020, on our consideration of Far Northern Regional Center'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 solely 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 the effectiveness of Far Northern Regional Center's 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 Far Northern Regional Center's internal control over financial reporting and compliance.

*AGT CPAs & Advisors*

March 18, 2020  
AGT CPAs & Advisors  
Redding, California

## **FINANCIAL SECTION**

**Far Northern Coordinating Council  
on Developmental Disabilities**  
STATEMENT OF FINANCIAL POSITION

June 30, 2019	Without Donor Restriction			With Donor	Total
	General	State Contracts	Client Trust		
<b>ASSETS</b>					
Cash	\$ 10,945	\$ 10,022,680	\$ 1,398,814	\$ 56,592	\$ 11,489,031
Receivable - State Regional Center contracts	-	46,949,014	-	-	46,949,014
Receivable - ICF providers	-	774,768	-	-	774,768
Client support receivable	-	-	51,622	-	51,622
Due from State - unfunded projected benefit obligation	-	45,410,415	-	-	45,410,415
Due from State - accrued vacation benefits	-	924,783	-	-	924,783
Prepaid expenses	-	325,745	-	-	325,745
Interfund receivable (payable)	-	762,861	(762,861)	-	-
<b>TOTAL ASSETS</b>	<b>\$ 10,945</b>	<b>\$ 105,170,266</b>	<b>\$ 687,575</b>	<b>\$ 56,592</b>	<b>\$ 105,925,378</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 14,457,068	\$ -	\$ -	\$ 14,457,068
Advance - State Regional Center contracts	-	43,672,275	-	-	43,672,275
Accrued expenses	-	1,621,679	-	-	1,621,679
Unfunded projected benefit obligation	-	45,410,415	-	-	45,410,415
Other payable - Pass Plan	-	8,829	-	-	8,829
Client trust fund liability	-	-	687,575	-	687,575
<b>Total Liabilities</b>	<b>-</b>	<b>105,170,266</b>	<b>687,575</b>	<b>-</b>	<b>105,857,841</b>
<b>Net Assets</b>	<b>10,945</b>	<b>-</b>	<b>-</b>	<b>56,592</b>	<b>67,537</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,945</b>	<b>\$ 105,170,266</b>	<b>\$ 687,575</b>	<b>\$ 56,592</b>	<b>\$ 105,925,378</b>

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

**Far Northern Coordinating Council  
on Developmental Disabilities**  
STATEMENT OF ACTIVITIES

Year Ended June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
State Regional Center contracts	\$ 172,902,105	\$ -	\$ 172,902,105
ICF supplemental services	2,679,961	-	2,679,961
ICF administrative fees	40,200	-	40,200
Interest	127,730	-	127,730
Contributions and other	2,094	101,189	103,283
<b>Subtotal</b>	<b>175,752,090</b>	<b>101,189</b>	<b>175,853,279</b>
Net assets released from restrictions:			
Satisfaction of program requirements	64,821	(64,821)	-
<b>TOTAL REVENUE</b>	<b>175,816,911</b>	<b>36,368</b>	<b>175,853,279</b>
<b>EXPENSES</b>			
<b>Program Services</b>			
State Regional Center contracts	170,039,489	-	170,039,489
Client Needs	64,821	-	64,821
<b>Total Program Services</b>	<b>170,104,310</b>	<b>-</b>	<b>170,104,310</b>
<b>Supporting Services</b>			
Management and general	5,711,361	-	5,711,361
<b>Total Supporting Services</b>	<b>5,711,361</b>	<b>-</b>	<b>5,711,361</b>
<b>TOTAL EXPENSES</b>	<b>175,815,671</b>	<b>-</b>	<b>175,815,671</b>
<b>Changes in Net Assets</b>	<b>1,240</b>	<b>36,368</b>	<b>37,608</b>
<b>Net Assets - Beginning of Year</b>	<b>9,705</b>	<b>20,224</b>	<b>29,929</b>
<b>Net Assets - End of Year</b>	<b>\$ 10,945</b>	<b>\$ 56,592</b>	<b>\$ 67,537</b>

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

**Far Northern Coordinating Council  
on Developmental Disabilities**  
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019	State Regional Center Contracts		Program Services		Supporting Services
	Case Management	Purchase of Service	Client Needs	Total Program	Management and General
Out-of-home placement	\$ -	\$ 43,448,005	\$ -	\$ 43,448,005	\$ -
Other services and programs	-	39,924,315	64,821	39,989,136	313
Non-medical services	-	27,845,232	-	27,845,232	-
Day programs	-	18,761,795	-	18,761,795	-
Transportation	-	7,975,713	-	7,975,713	-
Respite services	-	7,966,904	-	7,966,904	-
Prevention	-	5,187,652	-	5,187,652	-
Habilitation services	-	3,383,083	-	3,383,083	-
Medical care and equipment	-	1,708,908	-	1,708,908	-
Salaries	9,838,177	-	-	9,838,177	1,983,783
Payroll taxes and employee benefits	3,640,770	-	-	3,640,770	681,816
Facility rental and maintenance	-	-	-	-	1,223,937
Miscellaneous	-	-	-	-	468,072
Equipment purchases	-	-	-	-	453,528
Professional services	-	-	-	-	168,552
Insurance	-	-	-	-	150,307
Communications	-	-	-	-	126,844
Printing and supplies	-	-	-	-	102,719
Postage	-	-	-	-	73,179
Dues	-	-	-	-	68,389
Utilities	-	-	-	-	64,701
Travel	358,935	-	-	358,935	41,499
Equipment rental and maintenance	-	-	-	-	39,038
Bank fees	-	-	-	-	25,520
Board of Directors	-	-	-	-	24,764
Employee education	-	-	-	-	14,400
<b>Total</b>	<b>\$ 13,837,882</b>	<b>\$ 156,201,607</b>	<b>\$ 64,821</b>	<b>\$ 170,104,310</b>	<b>\$ 5,711,361</b>

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



**Far Northern Coordinating Council  
on Developmental Disabilities**

**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2019

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from grants, contracts, and clients	\$ 176,806,184
Cash paid to suppliers and employees	(175,024,447)
Interest received	127,730

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**Net Cash Provided By Operating Activities** 1,909,467

**Net Increase in Cash** 1,909,467

**Cash - Beginning of Year** 9,579,564

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**Cash - End of Year** \$ 11,489,031

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Changes in net assets	\$ 37,608
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Changes in:	
Receivable - State Regional Center contracts	(17,180,553)
Receivable - ICF providers	147,403
Client support receivable	53,513
Prepaid expenses	(2,485)
Accounts payable	772,057
Advance - State Regional Center contracts	18,482,122
Accrued expenses	21,652
Client trust fund liability	(421,850)

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**Net Cash Provided By Operating Activities** \$ 1,909,467

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

# Far Northern Coordinating Council on Developmental Disabilities

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities** Far Northern Coordinating Council on Developmental Disabilities (Far Northern Regional Center), formerly Far Northern Coordinating Council on Mental Retardation & Developmental Disabilities, was incorporated as a not-for-profit corporation on May 11, 1967. Far Northern Regional Center was also organized in accordance with the provisions of the Lanterman Developmental Disabilities Services Act (The Lanterman Act) of the *Welfare and Institutions Code* of the State of California (the State). The Lanterman Act requires the State to contract with a private not-for-profit corporation to coordinate the provision of services to developmentally disabled individuals in a geographic area. Far Northern Regional Center contracts with the State of California Department of Developmental Services (DDS) to perform this function in Butte, Glenn, Lassen, Modoc, Plumas, Shasta, Siskiyou, Tehama, and Trinity counties.

**Basis of Accounting** The accompanying financial statements have been prepared on the accrual basis of accounting. Far Northern Regional Center is reimbursed by the State for expenses incurred in operating Far Northern Regional Center to the extent that the expenses are not covered by client support funds.

**Financial Statement Presentation** Far Northern Regional Center's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under FASB ASC Topic 958, Far Northern Regional Center is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions, as follows:

*Net Assets Without Donor Restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions:* Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Fund Accounting** The accounts of Far Northern Regional Center are maintained in accordance with the principles of fund accounting. Under fund accounting, resources are classified for accounting and reporting considerations into funds established according to their nature and purpose.

## Far Northern Coordinating Council on Developmental Disabilities

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Cash** For purposes of the statement of cash flows, Far Northern Regional Center considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. In accordance with the State Regional Center contracts, bank accounts are in the name of both DDS and Far Northern Regional Center.

**Significant Concentrations of Credit Risk** Far Northern Regional Center maintains substantially all of its cash and temporary cash investments at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, cash exceeded federally insured limits by \$11,313,506. Far Northern Regional Center has not experienced any loss and management believes it is not exposed to any significant credit risk on such accounts.

**State Regional Center Contract Receivables and Advances** Contracts receivable represent amounts due from the State for reimbursement of expenditures made by Far Northern Regional Center under the annual Regional Center contracts. Advances represent cash advances received by Far Northern Regional Center under the annual Regional Center contracts. Amounts receivable from the State are offset against advances payable when the State notifies Far Northern Regional Center that a right of offset exists.

Far Northern Regional Center considers all amounts receivable under grant contracts to be collectible; accordingly, no allowance for doubtful accounts exists.

**Client Trust Funds** Far Northern Regional Center assumes a fiduciary relationship with certain clients who cannot manage their own finances. Client support funds are received from private and governmental sources, including the Social Security Administration and Veterans Administration. These funds are used primarily to offset clients' out-of-home placement and living costs, thereby reducing the amount expended by Far Northern Regional Center. These funds are held in a separate bank account and interest earnings are credited to the clients' balances.

**Receivable, ICF Providers** During the year ended June 30, 2011, various legislative changes were made to the *California Welfare and Institutions Code* retroactively to July 1, 2007, making Intermediate Care Facility (ICF) providers responsible for providing consumer day treatment and transportation services, and ultimately, making such services eligible for reimbursement under California's Home and Community Based Services (HCBS) Program, which is funded by the Medicaid Waiver grant (Medicaid). Previously, such services were not reimbursable by Medicaid because the funds were not directly billed and received by the ICFs. The legislative changes allow for DDS to bill these services to Medicaid and capture federal dollars.

Effective July 1, 2012, Far Northern Regional Center began billing the ICFs directly for monthly consumer day treatment and transportation services. The State does not reimburse Far Northern Regional Center for these costs and they are billed direct to and are collected from the ICFs. Far Northern Regional Center receives a 1.5% administrative fee based on the funds received to cover the additional workload.

## Far Northern Coordinating Council on Developmental Disabilities

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Prepaid Expenses** Payments made to vendors for services that will benefit Far Northern Regional Center for periods beyond the current fiscal year are recorded as prepaid expenses.

**Interfund Receivables and Payables** These amounts result from funds due from clients that are owed to Far Northern Regional Center's contract vendors.

**Defined Benefit Pension Plan** Far Northern Regional Center records the unfunded projected benefit obligation of its defined benefit pension plan with California Public Employees' Retirement System (CalPERS) on the statement of financial position. CalPERS has the characteristics of a multiemployer plan. Far Northern Regional Center uses the actuarial report provided by Milliman coinciding with Far Northern Regional Center's fiscal year end. Details on the projected benefit obligation related to this plan are described in Note 9.

**Due From State - Unfunded Projected Benefit Obligation** Far Northern Regional Center has recorded an amount due from DDS that is equal to the unfunded projected benefit obligation (for the CalPERS pension plan) to reflect the future reimbursement of pension benefits. Such benefits are reimbursed under State Regional Center contracts only when pension benefits are actually paid.

**Equipment Purchases** In accordance with the State Regional Center contracts, all equipment purchased with contract funds is the property of the State. Far Northern Regional Center is required to maintain memorandum records of equipment purchases and dispositions. Equipment purchases are recorded as supporting or program service expenses when they are incurred. The cost basis of the property utilized by Far Northern Regional Center and owned by the State at June 30, 2019, was \$780,841. This balance includes only the equipment that exceeds \$5,000 as required by System Award Management (SAM) guidelines.

**Contributions** Far Northern Regional Center reports contributions as revenue when they are unconditionally pledged or when they are received. Far Northern Regional Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified on the statement of activities to net assets without donor restriction.

Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

**Revenue Concentration** State Regional Center contract revenue is revenue received from the State in accordance with the Lanterman Act. Ninety-eight percent of revenue is derived from this source.

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

## Far Northern Coordinating Council on Developmental Disabilities

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Income Taxes** Far Northern Regional Center has received tax-exempt status under Section 501(c)(3) of the *Internal Revenue Code*, and Section 23701(d) of the *California Revenue and Taxation Code*, and has been classified as an organization that is not a private foundation under Section 509(a) of the *Internal Revenue Code*. Accordingly, no provision for income taxes is included in the financial statements.

Far Northern Regional Center accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes and how an uncertain tax position is recognized in financial statements. Far Northern Regional Center analyzes tax positions taken in previously filed returns and tax positions expected to be taken in future returns. Based on this analysis, a liability is recorded if uncertain tax benefits have been received. Far Northern Regional Center's practice is to recognize interest and penalties, if any, related to uncertain tax positions in the tax expense. There were no uncertain tax positions identified or related interest and penalties recorded as of June 30, 2019, and Far Northern Regional Center does not expect this to change significantly over the next 12 months.

**Allocation of Expenses** The statement of functional expenses allocates expenses directly associated with programs to those programs. The remaining expenses are allocated to supporting services.

**Concentration of Labor** Approximately 80% of the employees of the Organization are represented by a union for collective bargaining purposes. Periodically the collective bargaining agreement is subject to renegotiation.

**Recently Issued Accounting Pronouncements** In May 2014 the FASB issued a new standard on revenue recognition, ASU 2014-09, *Revenue from Contracts with Customers*, with the intent of creating a new, principle-based revenue recognition framework. The ASU creates a new topic in the FASB Accounting Standards Codification, Topic 606, in addition to superseding and replacing nearly all existing U.S. GAAP revenue recognition guidance. The main provisions of the ASU are:

- Establish a new control-based revenue recognition model.
- Changes the basis for deciding when revenue is recognized over time or at a point in time.
- Provides new and more detailed guidance on specific topics.
- Expands and improves disclosures about revenue.

The ASU is effective for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on its financial statements.

In February 2016 the FASB issued ASU 2016-02, *Leases* (Topic 842). The new guidance establishes the principles to report transparent and economically neutral information about the assets and liabilities that arise from leases. The ASU is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

# Far Northern Coordinating Council on Developmental Disabilities

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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In June 2018 the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, with the intent of clarifying the definition of an exchange transaction. As a result, NFPs will account for most federal grants as donor-restricted conditional contributions, rather than as exchange transactions (the prevalent practice today). The new guidance requires modified prospective transition. In the period of adoption, the changes will apply to new agreements entered into after the effective date, as well as the remaining portions of any agreements from prior years that have not been completed as of the effective date. However, full retrospective application can be elected, if desired. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on their financial statements.

**Change in Accounting Principle** On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Far Northern Regional Center has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU had no effect on net income or the total net assets.

**Subsequent Events** Management has evaluated subsequent events through March 18, 2020, the date on which the financial statements were available to be issued.

## 2. LIQUIDITY AND AVAILABILITY

Financial assets available for purchase of client service and operation expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

June 30, 2019

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Cash and cash equivalents	\$ 11,489,031
Less: Cash subject to donor restrictions	(56,592)
Less: Cash reserved for client trust	(1,398,814)
Receivable - State Regional Center Contracts	46,949,014
Less: Advance State Regional Center Contracts	(43,672,275)
Receivable - Intermediate Care Facility	774,768
Total	\$ 14,085,132

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According to the Far Northern Regional Center's contract with DDS, the State and the regional centers collaborate to build the budget for the regional center system using the best quality data and information available. This budget provides data to assist in building the Governor's January Budget and the May Revise.

# Far Northern Coordinating Council on Developmental Disabilities

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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Additionally each regional center submits a monthly purchase of service expenditure projection to DDS, beginning in December of each fiscal year. By February 1st of each year, DDS allocates, to all regional centers, approximately ninety-nine percent (99%) of the enacted budget for operations and purchase of service. To do this, it may be necessary to amend Far Northern Regional Center's contract in order to allocate funds made available from budget augmentations to allocate funds among regional centers. In the event that DDS determines that a regional center has insufficient funds to meet its contractual obligations, DDS shall utilize proper legislative measures to secure additional funds and provide the regional center with regulatory and statutory relief.

Far Northern Regional Center maintains a line of credit (Note 4) to manage cash flow requirements during the months of May through October as needed to cover any delays in cash advances and reimbursements over the beginning of the fiscal year.

### 3. ACCRUED EXPENSES

Accrued expenses are as follows:

June 30, 2019

Accrued vacation benefits	\$	924,783
Accrued payroll and related liabilities		696,896
<b>Total</b>	<b>\$</b>	<b>1,621,679</b>

Accumulated unpaid employee vacation benefits are recognized as accrued expenses and included in liabilities. Unused benefits are payable to an employee should employment cease. However, such benefits are reimbursed under State Regional Center contracts only when benefits have actually been paid. Far Northern Regional Center has also recorded a receivable from DDS for the accrued vacation benefits to reflect the future reimbursement of such benefits.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of Far Northern Regional Center since payment of such benefits is not probable or estimable. Therefore, sick leave benefits are recorded as expenses in the period sick leave is taken.

### 4. LINE OF CREDIT

Far Northern Regional Center has a \$16,000,000 line of credit with The Bank of Tokyo, secured by an interest in all personal property and assets managed by Far Northern Regional Center. Interest on the outstanding balance is payable monthly at the bank's reference rate, 5.5% at June 30, 2019, and amounted to \$0 for the year ended June 30, 2019. The line of credit expired on September 30, 2019. The outstanding balance at June 30, 2019 was \$0.

**Far Northern Coordinating Council  
on Developmental Disabilities**

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

**5. FUNDING LIMITS**

Far Northern Regional Center’s contract is funded by the State’s General Fund and federal reimbursements. The contracts specify the level and nature of the services to be provided to developmentally disabled persons. Allocated amounts are based primarily on projected client caseloads, and are subject to amendment based upon actual services provided.

Contracts are open for the current and two prior years as follows:

Years Ended June 30	Contract Amount	Cumulative Expenses	Unexpended Balance
2019	\$ 174,297,347	\$ 169,810,418	\$ 4,486,929
2018	\$ 165,918,949	\$ 162,137,392	\$ 3,781,557
2017	\$ 156,831,163	\$ 155,596,974	\$ 1,234,189

Management monitors the unexpended balance annually to avoid overspending the contract limits. Management believes that total expenditures for each open year will not exceed the final approved contract amount.

**6. NET ASSETS**

June 30, 2019

**NET ASSETS WITHOUT DONOR RESTRICTION**

Undesignated	\$ 10,945
<b>Total Net Assets Without Donor Restriction</b>	<b>10,945</b>

**NET ASSETS WITH DONOR RESTRICTION**

**Subject to Expenditures for Specified Purpose**

Client needs	36,358
Camp fire	20,234
<b>Total Net Assets With Donor Restriction</b>	<b>56,592</b>
<b>Total</b>	<b>\$ 67,537</b>



**Far Northern Coordinating Council  
on Developmental Disabilities**

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**7. CONTRACT COMMITMENTS**

Far Northern Regional Center contracts with various providers of services for the developmentally disabled. Significant unpaid commitments under these contracts consisted of the following:

June 30, 2019

Brilliant Corners	\$	879,253
Liberty Healthcare Corporation		600,000
Artistic Endeavors		246,550
CBEM, LLC		234,855
Shasta County Opportunity Center		184,654
Level Up		166,668
Northern Valley Catholic Social Services, Inc.		164,247
<b>Total</b>	<b>\$</b>	<b>2,476,227</b>

**8. LEASE COMMITMENTS**

Far Northern Regional Center has entered into operating lease agreements for office space located in Redding, Chico, Alturas, Mt. Shasta, Yreka, and Lake Almanor, California. Under the terms of the agreements, rental payments are contingent upon continued State funding.

Future minimum payments under these leases are as follows:

Years Ending June 30

2020	\$	1,042,951
2021		25,925
2022		17,730
2023		7,775
2024		-
<b>Total</b>	<b>\$</b>	<b>1,094,381</b>

For the year ended June 30, 2019, total rent expense was \$1,154,759.

# Far Northern Coordinating Council on Developmental Disabilities

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### 9. RETIREMENT PLANS

#### Defined Benefit Plan

**Plan Description** Effective November 1, 2002, Far Northern Regional Center elected to become a participant in the California Public Employees' Retirement System (CalPERS) and began contributions into the agent, multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating entities within the State of California. Benefit provisions and all other requirements are established by state statute and Center resolutions. Copies of CalPERS' comprehensive annual financial report (CAFR) may be obtained from CalPERS, 400 Q Street, Sacramento, California 95811 and at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The risks of participating in this plan is that if the Regional Center chooses to stop participating in its multiple-employer plan, it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a termination liability. The amount of this liability could be substantial and more information on it can be obtained in the Regional Center's annual CalPERS actuarial valuation report.

FASB Accounting Standards Codification (ASC) 715-30, *Defined Benefit Plans – Pension*, requires the Regional Center to recognize the funded status of a defined benefit retirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in net assets without donor restriction in the year in which the change occurs. The FASB valuation information in this note is based on the ASC 715 actuarial valuation report performed by Milliman, Inc., an actuarial firm, measured as of June 30, 2019.

In the prior year ended June 30, 2018, Far Northern Regional Center reported the net pension liability under the GASB Accounting Standards No. 68 valuation report. This resulted in a liability of \$10,427,676. In the current year, Far Northern Regional Center's recorded the pension liability under the FASB Accounting Standards valuation report, which was determined to be a more accurate measurement. Had the FASB Accounting Standards valuation method been used at June 30, 2018, the net pension liability would have been \$34,705,281.

**Funding Policy** Participants employed on or before January 1, 2013, are required to contribute 7% of their annual covered salary. Participants employed after January 1, 2013, are required to contribute 6.25% of their annual covered salary. Far Northern Regional Center is required to contribute at an actuarially determined rate for their participants. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The employer rate for the 2018-19 fiscal year were 7% (for participants employed on or before January 1, 2013) and 7% (for participants employed after January 1, 2013) of annual covered payroll. The contribution requirements of plan members and Far Northern Regional Center are established and may be amended by CalPERS.

**Far Northern Coordinating Council  
on Developmental Disabilities**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**Actuarial Assumptions** The total projected benefit obligation in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2019

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Valuation date	June 30, 2018
Measurement date	June 30, 2019
Discount rate	3.60%
Long-term rate of return	7.00%
Salary scale	4.00% annual increase
Maximum benefit and annual compensation limit increases	2.50% annual increase (CPI)
Administrative expenses	\$44,000 per year
Mortality	Pri-2012 mortality table projected forward generationally using the MP-2019 projection scale
Terminated members	Members with < 5 years service, will receive a full refund of their employee contribution Members with > = 5 years of service are assumed to retire at age 59
Transfers	Assumed to work at another CalPERS agency until eligible for service retirement with salary at retirement applied to benefit formula
Probability of marriage	70% of the members are married, and male spouses are 3 years older than female spouses
Employee contribution rate	7% for all employees
Asset valuation method	Market value of assets

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**Rationale For Assumptions**

**Discount Rate** For the disclosures of the obligations as of the end of the fiscal year, future benefit payments were discounted back to the present using an interest rate of 3.60%. This rate was derived from the Above Median FTSE Pension Discount Curve as of the end of June 2019 using the expected payouts from the Plan. The rate used as of the beginning of the fiscal year (used to calculate the expense for the year) was 4.20%.

**Mortality** For the disclosures of obligations as of the end of the fiscal year, the male and female Pri-2012 Total Dataset Mortality Tables were projected forward using Mortality Improvement Scale MP-2019 on a generational basis. This assumption is expected to be a best estimate of future mortality experience, being based on the latest tables and projection scales published by the Society of Actuaries in October 2019.

# Far Northern Coordinating Council on Developmental Disabilities

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Long-Term Rate of Return** The long-term rate of return on plan assets is 7.00%. This is the expected return used by CalPERS for their pension fund and was derived based on their long term expectation of asset returns in consultation with CalPERS investment staff and advisors. This rate is reasonable for purposes of this report. The annual pension expense under ASC 715 is based on the expected return on plan assets during the fiscal year.

### Results of the Valuation

ASC 715 defines the Projected Benefit Obligation (PBO) as the present value of accrued benefits based on service as of the valuation date and reflecting a participant's projected final pay. The PBO and plan assets are as follows, as of June 30, 2019:

June 30, 2019

PBO	\$	95,860,591
Plan assets		(50,450,176)
<b>Unfunded PBO</b>	<b>\$</b>	<b>45,410,415</b>

### Net Periodic Benefit Cost

The annual expense under ASC 715 is called the Net Periodic Benefit Cost (NPBC). The NPBC consists of (1) a service cost, (2) an interest cost on the PBO, (3) an offset equal to the expected return on plan assets, and (4) amortizations. Amortizations may include any prior service costs and any gains or losses. The NPBC for the fiscal year ending June 30, 2019 was \$3,839,806.

June 30, 2019

Service cost	\$	3,752,535
Interest cost		3,382,742
Expected (return) on plan assets		(3,295,471)
<b>Net Periodic Benefit Cost</b>	<b>\$</b>	<b>3,839,806</b>

**Far Northern Coordinating Council  
on Developmental Disabilities**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Projected benefit obligation and funded status are as follows:

June 30, 2019

<b>Change in Benefit Obligation - Beginning of Year</b>	\$ 81,511,210
Service cost	3,752,535
Interest cost	3,382,742
Assumption change (gain) or loss	9,153,556
Benefits and expenses paid	(1,939,452)
<b>Change in Benefit Obligation - End of Year</b>	95,860,591
<b>Fair Value of Plan Assets - Beginning of Year</b>	46,805,929
Actual return on plan assets	3,099,785
Total contributions	2,483,914
Benefits and expenses paid	(1,939,452)
<b>Fair Value of Plan Assets - End of Year</b>	50,450,176
<b>Unfunded PBO</b>	\$ 45,410,415

The Plan is reported as a pension trust fund, and is accounted for using the accrual basis of accounting. Contributions to the Plan are recognized in the period in which the contributions are due pursuant to legal requirements. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Member and employer contribution rates are determined by periodic actuarial valuations. Actuarial valuations are based on the benefit provisions and employee groups of each employer. Benefits and refunds are recognized when currently due and payable in accordance with the terms of each rate plan.

The actual allocations for the pension assets and target allocations by asset class as of June 30, 2018, are as follows:

<b>Asset Class</b>	<b>Current Allocation</b>	<b>Target Allocation</b>
Public equity	48.8%	49.0%
Private equity	7.7%	8.0%
Global fixed income	22.5%	22.0%
Liquidity	3.4%	3.0%
Real assets	10.8%	12.0%
Inflation sensitive assets	5.9%	6.0%
Other	0.9%	0.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

# Far Northern Coordinating Council on Developmental Disabilities

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting principles generally accepted in the United States of America establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

*Level 1:* Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that Far Northern Regional Center has the ability to access.

*Level 2:* Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.

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

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement in its entirety. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Plan assets of \$50,450,176 are held in a pooled investment account managed by CalPERS and are considered level three investments.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in the fiscal years ending June 30:

Years Ending June 30

2020	\$	2,388,936
2021		2,705,853
2022		3,008,444
2023		3,259,959
2024		3,494,966
2025-2029		20,285,563
<b>Total</b>	<b>\$</b>	<b>35,143,721</b>

### Defined Contribution Plan

Far Northern Regional Center has a defined contribution plan. Prior to November 1, 2002, all eligible employees were covered by the plan. A small number of employees chose not to join CalPERS and remained in the plan. Under the provisions of the plan, Far Northern Regional Center is required to contribute annually to a trust an amount equal to 8.5% of the compensation paid to each participant during the plan year. During the year ended June 30, 2019, Far Northern Regional Center contributed \$4,343 to the plan. This plan is closed to new employees and will be phased out through attrition.

# Far Northern Coordinating Council on Developmental Disabilities

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### 10. LITIGATION CLAIMS AND CONTINGENCIES

In accordance with the terms of the State contract, an audit may be performed by an authorized state representative. Should such audit disclose any unallowable costs, Far Northern Regional Center may be liable to the State for reimbursement of such costs. In the opinion of Far Northern Regional Center's management, the effect of any disallowed costs, if any, would be immaterial to the financial statements as of June 30, 2019.

Far Northern Regional Center is dependent on continued funding provided by the Department of Developmental Services of the State of California to operate and provide services for its clients.

Far Northern Regional Center is involved in various claims and lawsuits arising in the normal conduct of its business. Far Northern Regional Center believes it has adequate defenses and insurance coverage for these actions and, thus, has made no provision in the financial statements for any material costs relating to the settlement of such claims.

### 11. RELATED-PARTY TRANSACTIONS

*California Welfare and Institutions Code*, Section 4622, requires that a minimum of 50% of Far Northern Regional Center's governing board be comprised of persons with developmental disabilities or their parents or legal guardians. Program service payments were made on behalf of persons with developmental disabilities that were governing board members or were related to governing board members. Payments of \$439,783 were made for the year ended June 30, 2019.

**SUPPLEMENTARY INFORMATION SECTION**



**Far Northern Coordinating Council  
on Developmental Disabilities**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2019

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Contract Year</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Number</b>	<b>Disbursements/ Expenditures</b>
<b>FEDERAL</b>				
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Passed Through State of California</b>				
<b>Department of Developmental Services -</b>				
Special Education - Grants for Infants and Families with Disabilities (Part C)	18/19	84.181A	H181A180037	\$ 1,306,134
<b>Total U.S. Department of Education</b>				1,306,134
<b>Total Expenditures of Federal Awards</b>				\$ 1,306,134

**Purpose of Schedules**

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements.

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grants activity of Far Northern Regional Center and is presented on the accrual basis of accounting as provided by the California Department of Developmental Services. The information in this schedule is presented in accordance with the requirements the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Indirect Cost Rate**

Far Northern Regional Center did not elect to use the 10% de minimis method for indirect costs.

## **OTHER REPORTS SECTION**



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

To the Board of Directors  
Far Northern Coordinating Council on  
Developmental Disabilities  
Redding, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Far Northern Coordinating Council on Developmental Disabilities (Far Northern Regional Center), a California nonprofit corporation, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 18, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Far Northern Regional Center'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 Far Northern Regional Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Far Northern Regional Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Far Northern Regional Center'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.

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

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Far Northern Regional Center'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 Far Northern Regional Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Far Northern Regional Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*AGT CPAs & Advisors*

March 18, 2020  
AGT CPAs & Advisors  
Redding, California



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors  
Far Northern Coordinating Council on  
Developmental Disabilities  
Redding, California

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

We have audited Far Northern Coordinating Council on Developmental Disabilities' (Far Northern Regional Center) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on Far Northern Regional Center's major federal program for the year ended June 30, 2019. Far Northern Regional Center's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance on Far Northern Regional Center'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 (CFR) 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 Far Northern Regional Center'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 Far Northern Regional Center's compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

(Continued)

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

In our opinion, Far Northern Regional Center 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 June 30, 2019.

**Report on Internal Control Over Compliance**

Management of Far Northern Regional Center 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 Far Northern Regional Center'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 the 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 Far Northern Regional Center'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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

(Continued)

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.

*AGT CPAs & Advisors*

March 18, 2020  
AGT CPAs & Advisors  
Redding, California

## **FINDINGS AND RECOMMENDATIONS SECTION**



**Far Northern Coordinating Council  
on Developmental Disabilities**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2019

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**SECTION I  
SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Is any noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
Identification of major programs:	
CFDA No.      84.181A      Special Education – Grants for Infants and Families with Disabilities (Part C)	
Threshold for distinguishing types A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SECTION II FINDINGS  
FINANCIAL STATEMENTS AUDIT**

None

**SECTION III FINDINGS  
FEDERAL AWARDS AUDIT**

None

**Far Northern Coordinating Council  
on Developmental Disabilities**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2019

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None