

SHIELDS FOR FAMILIES, INC.
(A California not-for-profit corporation)

***FINANCIAL STATEMENTS AS OF
JUNE 30, 2011
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT***

SHIELDS FOR FAMILIES, INC.
(A California not-for-profit corporation)

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HILL, MORGAN AND ASSOCIATES, LLP

Certified Public Accountants

19602 Fariman Drive Carson, CA 90746 Phone (310) 749-1014 Fax (310) 639-0498
9031 Krueger Street, Culver City, CA 90232 Phone (323) 377-4385 Fax (310) 836-5727

Partners
Jeffrey Hill, CPA
Raymond Morgan, CPA

To the Board of Directors
Shields for Families, Inc.
Los Angeles, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of **Shields for Families, Inc.**, (a California not-for-profit corporation) as of June 30, 2011 and the related statements of activities, functional expenditures and cash flows for the year then ended. These financial statements are the responsibility of **Shields for Families, Inc.**'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's 2010 financial statements and in our report dated November 19, 2011 an unqualified opinion was expressed on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Shields for Families, Inc.** at June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 4, 2012 on our consideration of **Shields for Families, Inc.** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of **Shields for Families, Inc.** taken as a whole. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hill, Morgan and Associates, LLP

Carson, California
January 4, 2012

SHIELDS FOR FAMILIES, INC.
STATEMENT OF FINANCIAL POSITION
At June 30, 2011
(With summarized comparative totals at June 30, 2010)

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,086,178	\$ 1,658,693
Grants receivable (Note 2)	<u>5,528,111</u>	<u>4,234,097</u>
Total current assets	<u>6,614,289</u>	<u>5,892,790</u>
PROPERTY AND EQUIPMENT:		
Buildings-net (Note 3)	408,156	438,774
Building improvements-net (Note 3)	166,520	192,139
Land (Note 3)	<u>433,000</u>	<u>433,000</u>
Net property and equipment	<u>1,007,676</u>	<u>1,063,913</u>
Total assets	<u>\$ 7,621,965</u>	<u>\$ 6,956,703</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,183,891	\$ 1,421,120
Due to funding source	68,411	190,435
Accrued expenses	29,718	378,927
Salaries payable	1,450,720	957,198
Unearned grant income	289,437	288,137
Accrued vacation (Note 4)	492,402	396,791
Loans payable-current (Note 5)	<u>414,381</u>	<u>13,098</u>
Total current liabilities	3,928,960	3,645,706
LONG-TERM LIABILITIES:		
Loans payable-net of current portion (Note 5)	<u>992,366</u>	<u>1,006,749</u>
Total liabilities	<u>4,921,326</u>	<u>4,652,455</u>
NET ASSETS:		
Unrestricted	2,699,710	2,105,294
Invested in property and equipment	<u>929</u>	<u>44,066</u>
Total net assets	<u>2,700,639</u>	<u>2,304,248</u>
Total liabilities and net assets	<u>\$ 7,621,965</u>	<u>\$ 6,956,703</u>

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

SHIELDS FOR FAMILIES, INC.**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2011

(With summarized comparative totals for the year ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
REVENUES:		
Government grants		
Federal	\$ 5,156,821	\$ 5,412,243
State and local	15,257,300	13,717,054
In-kind (Note 8)	550,633	478,484
Contributions-United Way	24,604	30,820
Contributions	37,537	35,515
Contributions-Foundations	281,648	247,032
Program fees	1,045,747	1,051,905
Other income	114,056	166,080
	<u>22,468,346</u>	<u>21,139,133</u>
Total revenues	<u>22,468,346</u>	<u>21,139,133</u>
EXPENDITURES:		
Administrative	62,283	37,624
Substance abuse	5,772,585	5,723,373
Children and youth services	1,621,328	1,369,086
Family services	3,777,008	4,661,099
Client supportive services	685,516	807,139
Mental health	10,153,235	8,091,373
	<u>22,071,955</u>	<u>20,689,694</u>
Total expenditures	<u>22,071,955</u>	<u>20,689,694</u>
Increase in net assets	396,391	449,439
Net assets, beginning of the year	<u>2,304,248</u>	<u>1,854,809</u>
Net assets, end of the year	<u>\$ 2,700,639</u>	<u>\$ 2,304,248</u>

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

SHIELDS FOR FAMILIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
 At June 30, 2011
 (With comparative totals at June 30, 2010)

	Admin	Substance Abuse	Children Youth Svcs	Family Services	Client Supp Svcs	Mental Health	2011 Total expenses	2010 Total expenses
EXPENSES:								
Salaries	\$ 20,050	\$ 2,673,792	\$ 790,967	\$ 1,598,244	\$ 298,323	\$ 5,808,576	\$ 11,189,952	\$ 9,645,256
Payroll taxes		273,929	82,988	158,016	32,216	534,124	1,081,273	886,493
Employee benefits	3,609	366,106	120,370	179,194	41,399	503,657	1,214,335	936,841
Program supplies	23,152	149,286	54,160	39,649	31,948	59,850	358,045	465,042
Supplies-equipment/software		38,854	2,649	5,624	4,656	47,389	99,172	191,192
Travel and mileage	809	25,733	25,396	19,136	2,772	59,711	133,557	115,904
Security		66,336	3,178	1,651	9,533		80,698	77,110
Consultants	24,510	83,216	107,403	1,019,577	10,025	315,098	1,559,829	2,251,878
Utilities		79,821	8,187	32,481	44,231	55,790	220,510	217,906
Repair and maintenance		69,695	4,078	25,724	32,728	25,246	157,471	140,658
Transportation		75,671	3,369	14,114	6,612	4,307	104,073	143,753
Participant program expenses	22,970	22,999	49,913	47,973	60	23,130	167,045	339,525
Staff development and recruitment	15,301	12,462	18,649	8,278	662	118,055	173,407	247,646
Communications		70,736	16,073	48,401	5,754	76,831	217,795	230,284
Lab services		121,913	2,522		2,480		126,915	137,010
Emergency resources		180,946	1,779	77,109	15,719	11,810	287,363	207,756
Facility rent		596,937	111,942	188,433	142,541	333,947	1,373,800	1,341,537
Equipment lease		48,447	10,856	22,428	196	64,805	146,732	114,899
Other expenses	26,834	56,832	1,288	412		6,042	91,408	60,539
In-kind (Note 8)						550,633	550,633	478,484
Indirect expense	(74,952)	758,874	205,561	290,564	3,661	1,554,234	2,737,942	2,459,981
Total expenses	\$ 62,283	\$ 5,772,585	\$ 1,621,328	\$ 3,777,008	\$ 685,516	\$ 10,153,235	\$ 22,071,955	\$ 20,689,694

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

SHIELDS FOR FAMILIES, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2011
(With comparative totals for the year ended June 30, 2010)

	2011	2010
Cash flows from operating activities:		
Increase in net assets	\$ 396,391	\$ 449,439
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	56,237	56,337
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	(1,294,014)	(279,717)
Increase (decrease) in liabilities:		
Accounts payable	(237,229)	311,113
Due to funding source	(122,024)	59,311
Accrued expenses	(349,209)	17,336
Salaries payable	493,522	349,039
Unearned grant income	1,300	56,640
Accrued vacation	95,611	(77,575)
Net cash (used in) provided by operating activities	(959,415)	941,923
Cash flows from financing activities:		
Net proceeds from loans	386,900	142,709
Net cash provided by financing activities	386,900	142,709
Net (decrease) increase in cash	(572,515)	1,084,632
Cash and cash equivalents, beginning of the year	1,658,693	574,061
Cash and cash equivalents, end of the year	\$ 1,086,178	\$ 1,658,693
SUPPLEMENTAL DISCLOSURE:		
Cash paid for interest	\$ 92,906	\$ 59,564

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

SHIELDS FOR FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Shields for Families, Inc. provided social services primarily to women and children in the South Los Angeles area. These social services include alcohol treatment and prevention, drug treatment and prevention, mental health, family services and childcare. A summary of the significant accounting policies that have been applied by Shields for Families, Inc. in the preparation of the accompanying financial statements follows.

BASIS OF ACCOUNTING

The accounts are maintained on the accrual basis of accounting, wherein expenditures are recorded when the liabilities are incurred and revenues are recognized when they are susceptible to accrual.

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 could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements are prepared on the accrual basis in accordance with the AICPA's Audit and Accounting Guide, "Not-for-Profit Organizations."

INCOME TAXES

Shields for Families, Inc. is a not-for-profit corporation that is exempt from Federal and State income taxes under the Internal Revenue Code Section 501(c) (3) and the California State Revenue and Taxation Code Section 23701(d).

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, Shields for Families, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

PUBLIC SUPPORT

Revenue received under governmental grants and contracts is dependent on governmental policies and is subject to audit that could result in retroactive adjustments. Management believes that it has complied with the applicable criteria.

These notes are an integral part of the preceding financial statements.

SHIELDS FOR FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-continued

PROPERTY AND EQUIPMENT

Property and equipment purchased with non-governmental grant funds and having a value of \$5,000 or more and a life expectancy greater than two years are capitalized in the year of purchase. Property and equipment purchased with governmental grant funds are recorded as program expenditures. Under terms of the grants, Shields for Families, Inc. is required to transfer ownership of these fixed assets to other authorized programs or agencies. Property and equipment are included on the financial statements at cost less the related accumulated depreciation. The depreciation method used by Shields for Families, Inc. is straight-line over the estimated useful life of the fixed assets.

COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Shields for Families, Inc.'s financial statements for the year ended June 30, 2010, from which the summarized information was derived.

NOTE 2 - GRANTS RECEIVABLE

Grants receivable at June 30, 2011 were composed of the following:

<u>Program title</u>	<u>Amount</u>
Substance abuse	\$ 853,317
Children and youth services	572,263
Family services	706,041
Client supportive services	131,811
Mental health	<u>3,264,679</u>
Total	<u>\$ 5,528,111</u>

These notes are an integral part of the preceding financial statements.

SHIELDS FOR FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - PROPERTY AND EQUIPMENT

A summary of property and equipment owned as of June 30, 2011:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Buildings	\$ 842,000	\$ (433,844)	\$ 408,156
Building improvements	256,185	(89,665)	166,520
Land	433,000		433,000
Total	<u>\$ 1,531,185</u>	<u>\$ (523,509)</u>	<u>\$ 1,007,676</u>

NOTE 4 - COMPENSATED ABSENCES

Employees can earn annual vacation leave at a rate of 7.32 to 15 hours per month up to a maximum of 160 hours per year for non-management personnel and 180 hours for management. At termination or retirement, employees are paid for any accumulated annual vacation time. The liability for accumulated unpaid vacation at June 30, 2011 is \$492,402.

NOTE 5 - LOANS PAYABLE

In December, 2009, Shields for Families, Inc. entered into a fixed rate, loan payable to a financial institution. The outstanding loan balance at June 30, 2011 is \$461,023. The loan is payable in 102 monthly installments of principal and interest of \$3,343.25 plus one final balloon payment on August 1, 2018. The loan is secured by a deed of trust on the real property located at 1415 E. Alondra Boulevard, Compton, California. Principal maturities are listed below.

Also, in March 2006, Shields for Families, Inc. entered into a variable interest rate thirty-year loan payable to a bank. The outstanding loan balance at June 30, 2011 is \$545,724. The loan is payable in monthly installments of principal and interest and is secured by a deed of trust on the real property located at 840 W. Imperial Highway, Los Angeles, California.

On February 16, 2011, Shields for Families, Inc. entered into a fixed interest rate loan payable to an organization located in California. The outstanding loan balance at June 30, 2011 is \$400,000. The interest rate on this loan is 5.5% and the loan is payable on the maturity date on September 16, 2011.

These notes are an integral part of the preceding financial statements.

SHIELDS FOR FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LOANS PAYABLE-continued

Principal maturities are listed as follows:

<u>Year ended June 30,</u>	<u>Alondra</u>	<u>Imperial</u>	<u>Short-term loan</u>	<u>Total</u>
2012	\$ 4,951	\$ 9,430	\$ 400,000	\$ 414,381
2013	5,348	10,049	-0-	15,397
2014	5,778	10,708	-0-	16,486
2015	6,148	11,412	-0-	17,560
2016	6,736	12,160	-0-	18,896
Thereafter	<u>432,062</u>	<u>491,965</u>	<u>-0-</u>	<u>924,027</u>
Total	\$ <u>461,023</u>	\$ <u>545,724</u>	\$ <u>400,000</u>	\$ <u>1,406,747</u>

NOTE 6 - LEASE COMMITMENTS

Shields for Families, Inc. entered into several lease agreements for office and program facilities and equipment. The characteristics of these lease agreements are such that they are recorded on the general ledger as operating type leases.

The lease agreements for office equipment commence on various dates and each has lease terms ranging from three to four years. The total expenditures for lease of office equipment for the fiscal year ended June 30, 2011 was \$141,103.

The lease agreements for office and program facilities commence on various dates and each lease agreement has a term of one to three years. The total expenditures for office space lease for the fiscal year ended June 30, 2011 was \$1,491,241.

The future minimum obligation under these lease agreements as of June 30, 2011 is as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2012	\$ 730,072
2013	613,143
2014	522,125
2015	529,870
2016	286,210
Thereafter	<u>660,000</u>
Total	\$ <u>3,324,421</u>

These notes are an integral part of the preceding financial statements.

SHIELDS FOR FAMILIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - POTENTIAL BANKING INSTITUTION CREDIT RISK

Shields for Families, Inc. maintains cash deposits at three banks in excess of the \$250,000 coverage by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2011, Shields for Families, Inc. had cash over the FDIC coverage in the amount of \$836,194. However, management does not anticipate any losses due to the adequate financial rating of the bank that is holding the funds.

NOTE 8 - IN-KIND CONTRIBUTIONS

Shields for Families, Inc. received in-kind contributions for space use at the following addresses, as well as volunteer services and program supplies. The value of these in-kind contributions is recorded as revenue and expenditure on the accompanying Statement of Activities.

<u>Description</u>	<u>Amount</u>
Rent-12021 Wilmington	\$ 48,000
Rent-1721 E. 120 th Street	96,000
Rent-Office space	8,124
Interns/community services	327,213
Food	39,676
Program supplies	1,620
Personnel (Americorp)	<u>71,296</u>
Total	<u>\$ 550,633</u>

These notes are an integral part of the preceding financial statements.

***SUPPLEMENTARY INFORMATION SECTION REQUIRED BY
GOVERNMENT AUDITING STANDARDS AND OMB CIRCULAR A-133***

HILL, MORGAN AND ASSOCIATES, LLP

Certified Public Accountants

19602 Fariman Drive Carson, CA 90746 Phone (310) 749-1014 Fax (310) 639-0498
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Partners
Jeffrey Hill, CPA
Raymond Morgan, CPA

To the Board of Directors
Shields for Families, Inc.
Los Angeles, California

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

We have audited the financial statements of **Shields for Families, Inc.** as of and for the year ended June 30, 2011 and have issued our report thereon dated January 4, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered of **Shields for Families, Inc.**'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Shields for Families, Inc.**'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **Shields for Families, Inc.**'s internal control over financial reporting.

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 possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Shields for Families, Inc.**'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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.

This report is intended solely for the information and use of **Shields for Families, Inc.**'s Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hill, Morgan and Associates, LLP

Carson, California
January 4, 2012

HILL, MORGAN AND ASSOCIATES, LLP

Certified Public Accountants

19602 Fariman Drive Carson, CA 90746 Phone (310) 749-1014 Fax (310) 639-0498
9031 Krueger Street, Culver City, CA 90232 Phone (323) 377-4385 Fax (310) 836-5727

Partners
Jeffrey Hill, CPA
Raymond Morgan, CPA

To the Board of Directors
Shields for Families, Inc.
Los Angeles, California

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of **Shields for Families, Inc.**, (a California not-for-profit corporation) with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. **Shields for Families, Inc.'s** major federal programs are identified in the accompanying summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **Shields for Families, Inc.'s** management. Our responsibility is to express an opinion on **Shields for Families, Inc.'s** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations.*" Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Shields for Families, 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. Our audit does not provide a legal determination on **Shields for Families, Inc.'s** compliance with those requirements.

In our opinion, **Shields for Families, Inc.** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of **Shields for Families, Inc.** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **Shields for Families, Inc.**'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 **Shields for Families, Inc.**'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of **Shields for Families, Inc.**'s Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hill, Morgan and Associates, LLP

Carson, California
January 4, 2012

SHIELDS FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2011

Grantor/Pass-through grantor/ Program title	Federal CFDA No.	Contract No.	Contract period	Award amount	Expenditures
United States Department of Health and Human Services/State of California, Department of Alcohol and Drug Programs/County of Los Angeles Department of Health Services/					
Day Care Habilitative (NonTrad Res)	93-959	PH000441A	7/1/10 - 6/30/11	\$ 928,442	\$ 898,093
Case Management	93-959	PH000441B	7/1/10 - 6/30/11	128,248	128,248
Day Care Habilitative-Perinatal	93-959	PH000441C	7/1/10 - 6/30/11	379,889	379,889
Day Care Habilitative-Perinatal	93-959	PH000441D	7/1/10 - 6/30/11	604,340	604,331
Satellite Housing-Alondra	93-959	PH0001230B	7/1/10 - 6/30/11	44,695	44,695
Satellite Housing-Imperial	93-959	PH0001230C	7/1/10 - 6/30/11	44,695	44,695
Prevention-Intervention-Youth	93-959	PH0001314	7/1/10 - 6/30/11	320,820	320,803
Drinking Driver Programs	93-959	PH001620	7/1/10 - 6/30/11		999,212
Outpatient Drug Free	93-959	PH0001230A	7/1/10 - 6/30/11	603,124	553,702
Adolescent Intervention and Treatment	93-959	PH0001230D	7/1/10 - 6/30/11	204,890	204,890
Outpatient Drug Free-GR	93-959	PH0001252A	7/1/10 - 6/30/11	54,530	-
Outpatient Drug Free - Drug Court	93-959	PH0001230E	7/1/10 - 6/30/11	<u>427,607</u>	<u>427,608</u>
Total-CFDA # 93-959				<u>3,741,280</u>	<u>4,606,166</u>
United States Department of Health and Human Services/Direct Grant					
Healthy Start	93-926	5H49MC00094	6/01/10-5/31/11	750,000	966,878
Healthy Start	93-926	5H49MC00094	6/01/11-5/31/12	<u>750,000</u>	<u>82,930</u>
Total-CFDA # 93-926				<u>1,500,000</u>	<u>1,049,807</u>
United States Department of Health and Human Services, Administration of Children and Families					
Tamar Village Residential Treatment Program	93.087	90CU0008/03	10/1/09 - 9/30/10	1,012,209	294,387
Tamar Village Residential Treatment Program	93.087	90CU0008/04	10/1/10 - 9/30/11	<u>838,672</u>	<u>620,173</u>
Total-CFDA # 93-087				<u>1,850,881</u>	<u>914,561</u>
Total U.S. Department of Health and Human Services				<u>7,092,161</u>	<u>6,570,534</u>

See the accompanying independent auditor's report.

SHIELDS FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2011
(continued)

<u>Grantor/Pass-through grantor/ Program title</u>	<u>Federal CFDA No.</u>	<u>Contract No.</u>	<u>Contract period</u>	<u>Award amount</u>	<u>Expenditures</u>
United States Department of Housing and Urban Development/L.A.H.S.A.					
Supportive Housing Program-Naomi Village	14-235	CA0418B9D000802	2/1/10 - 1/31/11	\$ 198,507	\$ 95,679
Supportive Housing Program-Naomi Village	14-235	CA0418B9D001003	2/1/11 - 1/31/12	198,507	63,336
Supportive Housing Program-Keith Village	14-235	CA0403B9D000801	10/1/09 - 9/30/10	397,206	89,531
Supportive Housing Program-Keith Village	14-235	CA0403B9D000802	10/1/10 - 9/30/11	397,206	281,452
United States Department of Housing and Urban Development/Direct Grant					
Supportive Housing Program-Saraii Village	14-235	CA0461B9D000802	12/1/09 - 11/30/10	90,395	59,561
Supportive Housing Program-Saraii Village	14-235	CA0461B9D000801	12/1/10 - 11/30/11	<u>90,395</u>	<u>39,960</u>
Total-CFDA # 14-235				<u>1,372,216</u>	<u>629,519</u>
Total U.S. Department of Housing and Urban Dev.				<u>1,372,216</u>	<u>629,519</u>
Federal Emergency Management Administration/Direct Grant					
Emergency Food and Shelter Program	83-523		1/10-10/10	39,635	29,023
Emergency Food and Shelter Program	83-523		11/10-12/11	<u>-</u>	<u>3,857</u>
Total Federal Emergency Management Administration				<u>39,635</u>	<u>32,880</u>
Total Federal awards				<u>8,504,012</u>	<u>7,232,933</u>

See the accompanying independent auditor's report.

SHIELDS FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2011
(continued)

<u>Grantor/Pass-through grantor/ Program title</u>	<u>Federal CFDA No.</u>	<u>Contract No.</u>	<u>Contract period</u>	<u>Award amount</u>	<u>Expenditures</u>
State of California/County of Los Angeles, Department of Health Services, Alcohol and Drug Programs					
Daycare Habilitative - CalWorks- Perinatal		PH001363A	7/1/10 - 6/30/11	\$ 453,955	\$ 452,663
State of California/County of Los Angeles, Department of Children and Family Services					
Family Support			7/1/10 - 6/30/11	286,832	278,108
Prevention Initiative			7/1/10 - 6/30/11	547,500	539,275
Family Preservation			7/1/10 - 6/30/11	1,172,406	1,173,507
Adoptions			7/1/10 - 6/30/11	376,248	346,734
Sub-total				<u>2,382,986</u>	<u>2,337,624</u>
Total State of California				<u>2,836,941</u>	<u>2,790,287</u>
Los Angeles County Children and Families First Proposition 10 Commission/ Partnership with Families Initiative					
Partnership with Families Initiative		00687	7/1/10 - 6/30/11	1,378,592	1,336,643
Sub-total				<u>1,378,592</u>	<u>1,336,643</u>

See the accompanying independent auditor's report.

SHIELDS FOR FAMILIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2011
(continued)

<u>Grantor/Pass-through grantor/ Program title</u>	<u>Federal CFDA No.</u>	<u>Contract No.</u>	<u>Contract period</u>	<u>Award amount</u>	<u>Expenditures</u>
County of Los Angeles, Department of Mental Health		DMH-120664	7/1/10 - 6/30/11	\$ 10,241,170	\$ 9,495,534
County of Los Angeles, Department of Mental Health		MH-100558	10/1/10 - 6/30/16	<u>270,240</u>	<u>\$147,394</u>
Total Department of Mental Health				<u>10,511,410</u>	<u>9,642,928</u>
County of Los Angeles, Alcohol and Drug Programs Administration/Special Services for Groups CRC Assessment		1-06-07	7/1/10 - 6/30/11	<u>120,000</u>	<u>120,000</u>
Sub-total				<u>120,000</u>	<u>120,000</u>
Total County of Los Angeles				<u>12,010,002</u>	<u>11,099,571</u>
Los Angeles Unified School District Ready for School - Locke High		800307	7/1/10 - 6/30/11	<u>51,990</u>	<u>51,990</u>
Para Los Ninos Family Preservation			7/1/10 - 6/30/11	<u>66,000</u>	<u>65,988</u>
United Way - Program Services Grant			7/1/10 - 6/30/11	<u>23,750</u>	<u>23,117</u>
First 5 Los Angeles/Urban Education Partnership School Readiness Initiative			7/1/10 - 6/30/11	<u>59,612</u>	<u>50,591</u>
First 5 Los Angeles/Los Angeles Biomed Research Inst. S. Los Angeles Best Babies Collaborative			7/1/10 - 6/30/11	<u>93,158</u>	<u>92,486</u>
Total Local awards				<u>294,510</u>	<u>284,172</u>
Total awards				<u>\$ 23,645,465</u>	<u>\$ 21,406,963</u>

See the accompanying independent auditor's report

SHIELDS FOR FAMILIES, INC.

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NOTE 1 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal and State Awards (Schedule) includes the grant activity of Shields for Families, Inc. and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations.*" Therefore some amounts in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SHIELDS FOR FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The following is a summary of the audit results:

1. Type of report issued on the financial statements of Shields for Families, Inc.:

Unqualified opinion

2. In planning and performing the audit, we considered Shields for Families, Inc’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurances on the internal control over financial reporting. **We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.**
3. **The results of our tests disclosed no instances of noncompliance with certain provisions of laws, regulations, contracts and grants, which could have a direct and material effect on the determination of financial statement amounts.**
4. In planning and performing our audit, we considered Shields for Families, Inc’s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. **We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.**
5. Type of report issued on compliance for major programs:

Unqualified opinion

6. Major programs are identified as following:

<u>CFDA No.</u>	<u>Program Title</u>	<u>Amount</u>
93-959	Alcohol and Drug Treatment programs	\$4,606,166
a	The dollar threshold used to distinguish between Type A and Type B programs:	
	\$300,000	

7. Shields for Families, Inc. is considered to be a low risk auditee.

SHIELDS FOR FAMILIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.

SECTION IV – STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings noted.