

An abstract graphic on the left side of the page, consisting of a grid of thin, light-colored lines that form a curved, three-dimensional shape, resembling a wireframe model of a surface or a stylized architectural element. The lines are more densely packed in some areas and more sparse in others, creating a sense of depth and movement.

Report of Independent Auditors and
Financial Statements for

Angels Foster Family Agency

December 31, 2015 and 2014

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Angels Foster Family Agency

Report on the Financial Statements

We have audited the accompanying financial statements of Angels Foster Family Agency, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MOSS ADAMS LLP

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Angels Foster Family Agency as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016 on our consideration of the Angels Foster Family Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Angels Foster Family Agency's internal control over financial reporting and compliance.

Moss Adams LLP

San Diego, California

June 15, 2016

ANGELS FOSTER FAMILY AGENCY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	December 31,	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 420,323	\$ 386,538
Accounts receivable, net	129,851	119,472
Contributions receivable, net	27,060	25,393
Prepaid expenses	50,822	36,161
Total current assets	<u>628,056</u>	<u>567,564</u>
Non-current Assets		
Property and equipment, net	119,299	16,687
Deposits	49,236	4,789
Total non-current assets	<u>168,535</u>	<u>21,476</u>
Total assets	<u>\$ 796,591</u>	<u>\$ 589,040</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable - foster parents	\$ 63,013	\$ 59,198
Accounts payable and accrued expenses	57,615	31,913
Short-term note payable	23,059	11,850
Deferred rent	4,314	-
Deferred revenue	-	8,900
Total current liabilities	<u>148,001</u>	<u>111,861</u>
Deferred rent	<u>124,928</u>	<u>-</u>
Total liabilities	<u>272,929</u>	<u>111,861</u>
Commitments (Notes 4 and 5)		
Net Assets		
Unrestricted	514,582	477,179
Temporary restricted	9,080	-
Total net assets	<u>523,662</u>	<u>477,179</u>
Total liabilities and net assets	<u>\$ 796,591</u>	<u>\$ 589,040</u>

**ANGELS FOSTER FAMILY AGENCY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Years Ended December 31,				
	2015		2014		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
REVENUE					
Foster care placements	\$ 1,493,091	-	\$ 1,493,091	\$ 1,257,984	\$ 1,257,984
Contributions	268,404	9,080	277,484	183,040	183,040
Special events	270,210	-	270,210	59,750	59,750
In-kind contributions	80,673	-	80,673	13,306	13,306
Other income	6,155	-	6,155	5,550	5,550
Interest	423	-	423	500	500
Total revenue and support	2,118,956	9,080	2,128,036	1,520,130	1,520,130
EXPENSES					
Program services:					
Foster care	1,647,317	-	1,647,317	1,323,348	1,323,348
Total program services	1,647,317	-	1,647,317	1,323,348	1,323,348
Supporting services:					
General and administrative	150,267	-	150,267	95,680	95,680
Fundraising	141,359	-	141,359	65,361	65,361
Total supporting services	291,626	-	291,626	161,041	161,041
Total program and supporting services expenses	1,938,943	-	1,938,943	1,484,389	1,484,389
Special events	142,610	-	142,610	28,027	28,027
Total expenses	2,081,553	-	2,081,553	1,512,416	1,512,416
CHANGES IN NET ASSETS					
	37,403	9,080	46,483	7,714	7,714
NET ASSETS					
Beginning of year	477,179	-	477,179	469,465	469,465
End of year	\$ 514,582	\$ 9,080	\$ 523,662	\$ 477,179	\$ 477,179

See accompanying notes.

ANGELS FOSTER FAMILY AGENCY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Year Ended December 31, 2015			
	Program Services	General and Administrative	Fundraising	Total
Payments to foster families	\$ 745,556	\$ -	\$ -	\$ 745,556
Salaries	546,889	56,872	74,666	678,427
Office rents	65,986	4,270	7,375	77,631
Payroll taxes and employee benefits	62,841	6,576	7,508	76,925
In-kind contributions	13,319	19,622	29,110	62,051
Technology and telecommunications	44,869	2,911	6,365	54,145
Other expenses	4,139	33,864	1,023	39,026
Travel	38,031	352	558	38,941
Foster parent well-being	30,599	-	-	30,599
Insurance	24,250	1,690	2,731	28,671
Professional services	-	17,485	1,000	18,485
Office expenses	8,108	1,204	6,957	16,269
Conferences, meetings, and training	12,895	590	1,174	14,659
Depreciation	9,870	639	1,103	11,612
Equipment and building maintenance and supplies	8,545	548	878	9,971
Advertising and marketing	9,449	-	-	9,449
Licensing Fees	8,165	-	-	8,165
Utilities	6,621	444	740	7,805
Training - foster parents	5,775	-	-	5,775
Bank fees and interest	-	3,047	-	3,047
Memberships and dues	1,410	153	171	1,734
Total program and supporting services expenses	<u>\$ 1,647,317</u>	<u>\$ 150,267</u>	<u>\$ 141,359</u>	<u>\$ 1,938,943</u>

See accompanying notes.

**ANGELS FOSTER FAMILY AGENCY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014**

	Year Ended December 31, 2014			
	Program Services	General and Administrative	Fundraising	Total
Payments to foster families	\$ 627,753	\$ -	\$ -	\$ 627,753
Salaries	433,795	45,664	41,327	520,786
Payroll taxes and employee benefits	51,773	5,609	4,332	61,714
Office rents	43,615	2,822	3,335	49,772
Technology and telecommunications	42,146	2,784	4,508	49,438
Professional services	4,830	28,797	2,844	36,471
Travel	31,520	264	419	32,203
Office expenses	7,003	967	6,121	14,091
Foster parent well-being	13,226	-	-	13,226
Insurance	11,395	725	886	13,006
Conferences, meetings, and training	9,326	758	719	10,803
Training - foster parents	10,725	-	-	10,725
In-kind contributions	9,506	-	-	9,506
Equipment and building maintenance and supplies	6,095	543	493	7,131
Licensing Fees	6,655	-	-	6,655
Advertising and marketing	5,471	589	16	6,076
Utilities	4,159	269	318	4,746
Depreciation	3,873	251	433	4,557
Bank fees and interest	-	3,852	-	3,852
Other expenses (income)	122	1,571	(400)	1,293
Memberships and dues	360	215	10	585
Total program and supporting services expenses	\$ 1,323,348	\$ 95,680	\$ 65,361	\$ 1,484,389

6 See accompanying notes.

ANGELS FOSTER FAMILY AGENCY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	Years Ended December 31,	
	2015	2014
OPERATING ACTIVITIES		
Changes in net assets	\$ 46,483	\$ 7,714
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	11,612	4,557
Loss on disposal of equipment	742	421
Donated Equipment	-	(3,800)
(Increase) decrease in:		
Accounts receivable	(10,379)	(35,615)
Contributions receivable	(1,667)	(4,564)
Prepaid expenses	(14,661)	(15,398)
Deposits	(44,447)	37
Increase (decrease) in:		
Accounts payable-foster parents	3,815	17,772
Accounts payable and accrued expenses	25,702	10,521
Deferred lease	29,242	-
Deferred revenue	(8,900)	8,900
Net cash provided by (used in) operating activities	<u>37,542</u>	<u>(9,455)</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(14,966)</u>	<u>(10,387)</u>
Net cash (used in) investing activities	<u>(14,966)</u>	<u>(10,387)</u>
FINANCING ACTIVITIES		
Proceeds from note payable	23,059	13,295
Payments on note payable	<u>(11,850)</u>	<u>(12,861)</u>
Net cash provided by financing activities	<u>11,209</u>	<u>434</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,785	(19,408)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>386,538</u>	<u>405,946</u>
End of year	<u>\$ 420,323</u>	<u>\$ 386,538</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 315</u>	<u>\$ 474</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Assets acquired under tenant allowance	<u>\$ 100,000</u>	<u>\$ -</u>

See accompanying notes.

ANGELS FOSTER FAMILY AGENCY

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Organization – The Angels Foster Family Agency (the “Agency”) is a licensed foster family agency founded in 1998 with a unique focus on the stable placement of children ages zero to five with nurturing foster families who promote healing and attachment that leads to healthy growth and development.

The Agency recruits and trains qualified foster parents who seek to provide consistent love and care to one child or sibling set to ensure the best physical, emotional, and developmental support is provided. Research demonstrates that children who fail to develop normal attachments with an adult often are left with lasting and devastating effects on brain development and growth. The Agency is able to break this cycle of instability and broken relationships through their foster families to positively change the life of the foster children in their care.

The Agency’s rigorous foster parent evaluation, training, and certification process allows them to make the best placement for each child depending on their known needs. Placement of the child is critical as every one of the Agency’s foster families commits to the stable care of the foster child until decided otherwise by the county or juvenile court. The Agency’s foster families’ commitment to stability eliminates foster children bouncing from home to home.

Income tax status – The Agency is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Agency believes that it has appropriate support for any tax positions taken, and as such, it does not have any material unrecognized tax benefits or liabilities as of December 31, 2015 and 2014.

Method of accounting – The financial statements of the Agency have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial statement presentation – The financial statements present information according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based upon the following criteria:

- Unrestricted net assets represent expendable funds available for operations that are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Agency may spend the funds. The Agency has \$9,080 and \$0 of temporarily restricted net assets as of December 31, 2015 and 2014, respectively.

ANGELS FOSTER FAMILY AGENCY
NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity, usually for generating investment income to fund current operations. The Agency has no permanently restricted net assets as of December 31, 2015 and 2014.

Deferred revenue – The Agency defers sponsorship revenue related to special events until the event takes place.

Revenue recognition

Foster care placements – The Agency receives foster care payments from the County of San Diego for children referred to the Agency. Revenue is recognized based on days in care in the period those days occurred. In turn, the Agency, under contract with the foster parents, issues monthly payments to the foster parents. Approximately 50 percent of the total foster care revenue for the years ended December 31, 2015 and 2014 was paid out to foster parents.

Contributions – Contributions are recognized as revenue when received or unconditionally pledged. Contributions subject to donor-imposed restrictions for use in a future period or for a specific purpose are reported as either temporarily or permanently restricted depending on the nature of the restrictions. When a donor restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same reporting period as when the contributions are received are reported as unrestricted contributions.

In-kind contributions – Donated professional services included in in-kind contributions in the statements of activities and changes in net assets and functional expenses for the years ended December 31, 2015 and 2014 totaled approximately \$13,500 and \$1,000, respectively.

The Agency received in-kind donations of supplies totaling approximately \$67,200 and \$8,500 for the years ended December 31, 2015 and 2014, respectively, which are included in in-kind contributions in the statements of activities and changes in net assets and functional expenses.

Cash and cash equivalents – The Agency considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts receivable – Accounts receivable primarily consist of amounts due for services provided through the fiscal year end under an agreement with the County of San Diego. All accounts receivable as of December 31, 2015 other than those allowed for are expected to be collected in 2016.

Contributions receivable – Contributions receivable consist of pledges receivable expected to be collected in future years and are initially recorded at fair value. All contributions receivable net of allowance as of December 31, 2015 are expected to be collected in 2016.

ANGELS FOSTER FAMILY AGENCY

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Allowance for doubtful accounts – The Agency evaluates the need for an allowance for estimated uncollectible accounts receivable and contributions receivable based on past experience and on an analysis of current receivable balances. Accounts deemed uncollectible are recorded against the allowance in the year deemed uncollectible. Management estimated a \$1,000 and \$0 allowance against contribution receivables as of December 31, 2015 and 2014, respectively.

Property and equipment – The Agency capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Donated assets are recorded at their estimated fair values at the date of gift. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over the estimated useful asset lives of 3 to 7 years. Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term or useful life of the asset. Depreciation totaled \$11,612 and \$4,557 for the years ended December 31, 2015 and 2014, respectively.

Advertising – Advertising costs are expensed as incurred. Advertising expense totaled \$13,589 and \$6,076 for the years ended December 31, 2015 and 2014, respectively.

Functional allocation of expenses – The Agency allocates its expenses on a functional basis between program and supporting services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure classification. Costs that are common to more than one function are allocated between program and supporting services on the basis of time records, space utilized, and estimates made by the Agency's management.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ANGELS FOSTER FAMILY AGENCY
NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are issued. The Agency recognizes in the financial statements the effects of all significant subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Agency’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before the financial statements are available to be issued.

The Agency has evaluated subsequent events through June 15, 2016, which is the date the financial statements were available to be issued.

Reclassifications – Certain amounts in the December 31, 2014 financial statements have been reclassified to conform to the December 31, 2015 presentation with no effect on net assets.

Note 2 – Concentrations

The Agency maintains its cash and cash equivalents in bank deposit accounts and money-market funds which, at times, exceed federally insured limits. The Agency has not experienced any losses in such accounts. The Agency believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable consist of the following at December 31:

	2015	2014
County of San Diego	\$ 127,916	\$ 119,408
Miscellaneous receivables	1,935	64
	\$ 129,851	\$ 119,472
Total accounts receivable	\$ 129,851	\$ 119,472

All revenue for the years ended December 31, 2015 and 2014 for foster care placements is earned under an agreement with the County of San Diego. This revenue represents 70 percent and 82 percent of total revenue and support for the years ended December 31, 2015 and 2014, respectively.

ANGELS FOSTER FAMILY AGENCY
NOTES TO FINANCIAL STATEMENTS

Note 3 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 34,237	\$ 27,155
Leasehold improvements	105,261	-
Total property and equipment	<u>139,498</u>	<u>27,155</u>
Less accumulated depreciation	<u>(20,199)</u>	<u>(10,468)</u>
Property and equipment, net	<u>\$ 119,299</u>	<u>\$ 16,687</u>

Note 4 – Financing Activities and Subsequent Event

Line of credit – The Agency has a line of credit agreement with a bank for \$15,000. There were no borrowings against the line of credit at December 31, 2015 and 2014. The line of credit bears interest at the Wall Street Journal Prime Rate plus three percent, which was 6.50 percent as of December 31, 2015. The line of credit is reviewed by the bank periodically and is due on demand. Minimum payments on any advances are due monthly. From a periodic review by the bank, the line of credit was increased to \$18,000 in March 2016.

Note payable – At December 31, 2015 and 2014, the Agency has unsecured short-term notes payable to First Insurance Funding of \$23,059 and \$11,850, respectively. The 2014 balance was paid in full. Payments are due in eight monthly installments of \$2,970, including interest at 6.55 percent through August 2016.

Note 5 – Lease Agreements

The Agency had a 61-month lease for office space which expired in June 2015 and continued on a monthly basis until July 2015.

The Agency entered into a 10-year lease for a new office space commencing in August 2015. The lease includes increases in the minimum lease payments based on a schedule contained in the lease and also provides for \$100,000 in tenant allowances, which the Agency had fully utilized by December 31, 2015. As a result, deferred rent is included in the accompanying statement of financial position as of December 31, 2015.

Office rents totaled \$77,631 and \$49,772 for the years ended December 31, 2015 and 2014, respectively, under these leases. Additionally, certain equipment used in operations is leased under operating leases. Rental expenses under equipment leases were \$4,497 and \$2,788 for December 31, 2015 and 2014, respectively.

ANGELS FOSTER FAMILY AGENCY
NOTES TO FINANCIAL STATEMENTS

Note 5 - Lease Agreements (continued)

Future minimum lease payments under these leases are as follows:

Years ending December 31,		
2016	\$	113,982
2017		117,788
2018		119,105
2019		120,665
2020		124,779
Thereafter		<u>629,552</u>
	<u>\$</u>	<u>1,225,871</u>

Note 6 - Temporarily Restricted Net Assets

As of December 31, 2015, temporarily restricted net assets consist of \$9,080 which is restricted for program purposes.

Note 7 - Special Event Revenue and Expenses

In 2015, the Agency reintroduced its annual fundraising event, An Evening with Angels, moving it from the month of October to the month of May to coincide with National Foster Care Month. The event was last held in October of 2013. Special Event Revenue increased to \$270,210 from \$59,750 for the years ended December 31, 2015 and 2014, respectively. Special Event Expenses increased to \$142,610 from \$28,027 for the years ended December 31, 2015 and 2014, respectively. In 2015, the Agency held the following events: An Evening with Angels: A Local Affair, Foster Parent Summer Picnic, Foster Parent Holiday Event, and several small events focused on introducing new people to the organization and its mission. In 2014, the Agency held the following events: Foster Parent Summer Picnic, Foster Parent Holiday Event, and two small events focused on introducing new people to the organization and its mission.

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

The Board of Directors
Angels Foster Family Agency

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 Angels Foster Family Agency which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Angels Foster Family Agency'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Angels Foster Family Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Angels Foster Family Agency'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 the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

MOSS ADAMS LLP

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

San Diego, California
June 15, 2016