Ann Martin Center

Financial Statements

June 30, 2015
(With Summarized Comparative Information
For June 30, 2014)

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TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Finance Committee
Ann Martin Center
Emeryville, California

Report on the Financial Statements

We have audited the accompanying financial statements of Ann Martin Center (the "Center"), a California nonprofit corporation, which comprise the statement of financial position as of June 30, 2015, 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ann Martin Center as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Confirmation of Audit of Alameda County Programs for Community Based Organizations is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015, on our consideration of Ann Martin 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 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 Ann Martin Center's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Ann Martin Center's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

Armanino LLP
San Francisco, California

December 10, 2015

ANN MARTIN CENTER
Statement of Financial Position
June 30, 2015
(With Comparative Totals for 2014)

ASSETS

	2015	2014
Current assets		
Cash and cash equivalents	$ 1,192,108	$ 1,657,937
Investments	984,609	487,535
Accounts receivable, net	667,265	268,773
Grants receivable	6,135	51,976
Prepaid expenses	110,991	93,981
Total current assets	2,961,108	2,560,202
Property and equipment, net	865,477	955,220
Deposit	54,585	56,022
Total assets	$ 3,881,170	$ 3,571,444

LIABILITIES AND NET ASSETS

	2015	2014
Current liabilities		
Accounts payable and accrued expenses	$ 116,762	$ 60,626
Accrued payroll and related expenses	422,189	172,148
Deferred revenue	39,932	-
Total current liabilities	578,883	232,774
Refundable advances	378,725	378,725
Deferred rent	98,551	69,159
Total liabilities	1,056,159	680,658
Net assets		
Unrestricted		
Operating fund	2,521,472	2,535,356
Board designated fund	153,091	153,091
Total unrestricted	2,674,563	2,688,447
Temporarily restricted	150,448	202,339
Total net assets	2,825,011	2,890,786
Total liabilities and net assets	$ 3,881,170	$ 3,571,444

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

ANN MARTIN CENTER
Statement of Activities
For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
Revenue and support				
County contract	$ 4,180,730	$ -	$ 4,180,730	$ 3,911,324
Other contracts	83,844	-	83,844	153,424
Client fees	351,498	-	351,498	294,264
Grants and contributions	125,305	84,797	210,102	318,542
Special events, net of direct costs of $43,333	114,962	-	114,962	79,760
Investment income (loss), net	(937)	-	(937)	92,479
Other income, net	7,822	-	7,822	1,015,968
Net assets released from restrictions	136,688	(136,688)	-	-
Total revenue and support	4,999,912	(51,891)	4,948,021	5,865,761
Expenses				
Program services				
Outpatient	1,539,236	-	1,539,236	1,373,421
EPSDT	2,158,897	-	2,158,897	2,034,328
Outreach	74,715	-	74,715	97,965
Learning	220,752	-	220,752	313,276
Total program services	3,993,600	-	3,993,600	3,818,990
Supporting services				
General and administrative	810,094	-	810,094	870,549
Fundraising	210,102	-	210,102	175,295
Total supporting services	1,020,196	-	1,020,196	1,045,844
Total expenses	5,013,796	-	5,013,796	4,864,834
Change in net assets	(13,884)	(51,891)	(65,775)	1,000,927
Net assets, beginning of year	2,688,447	202,339	2,890,786	1,889,859
Net assets, end of year	$ 2,674,563	$ 150,448	$ 2,825,011	$ 2,890,786

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

ANN MARTIN CENTER
Statement of Functional Expenses
For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

	Program Services								
	Outpatient	EPSDT	Outreach	Learning	Total Program Services	General and Administrative	Fundraising	Total 2015 Expenses	Total 2014 Expenses
Salaries, taxes and benefits	$ 1,114,969	$ 2,002,161	$ 45,140	$ 181,485	$ 3,343,755	$ 498,060	$ 147,500	$ 3,989,315	$ 3,738,324
Consultants and contractual	80,371	27,522	13,056	-	120,949	96,797	12,257	230,003	292,595
Rent and occupancy	255,905	59,605	4,576	29,334	349,420	54,066	8,018	411,504	421,679
Depreciation	33,970	7,912	607	3,894	46,383	42,296	1,064	89,743	89,795
Repairs and maintenance	3,357	782	60	385	4,584	2,989	105	7,678	12,124
Insurance	12,479	8,341	125	801	21,746	5,529	219	27,494	25,603
Supplies	24,065	22,850	5,345	3,650	55,910	35,682	2,179	93,771	63,691
Office expenses	13,089	9,433	5,798	33	28,353	55,750	38,644	122,747	177,872
Telephone	-	11,746	-	-	11,746	17,597	99	29,442	32,524
Bad debt expense	794	-	-	1,170	1,964	-	-	1,964	3,970
Other expenses	237	8,545	8	-	8,790	1,328	17	10,135	6,657
Total expenses	$ 1,539,236	$ 2,158,897	$ 74,715	$ 220,752	$ 3,993,600	$ 810,094	$ 210,102	$ 5,013,796	$ 4,864,834

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

ANN MARTIN CENTER
Statement of Cash Flows
For the Year Ended June 30, 2015
(With Comparative Totals for 2014)

	2015	2014
Cash flows from operating activities		
Change in net assets	$ (65,775)	$ 1,000,927
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	89,743	89,795
Net realized and unrealized (gain) loss on investments	21,851	(96,479)
Gain on disposal of property and equipment	-	(1,074,556)
Changes in operating assets and liabilities		
Accounts receivable	(398,492)	612,501
Grants receivable	45,841	(31,218)
Prepaid expenses	(17,010)	(9,523)
Deposit	1,437	(5,022)
Accounts payable and accrued expenses	56,136	(209,112)
Accrued payroll related expenses	250,041	(222,926)
Deferred revenue	39,932	(150,000)
Refundable advances	-	(363,130)
Deferred rent	29,392	38,150
Net cash provided by (used in) operating activities	53,096	(420,593)
Cash flows from investing activities		
Purchases of investment securities	(518,925)	-
Proceeds from sale of investment securities	-	6,614
Purchases of property and equipment	-	(43,350)
Proceeds from the sale of property and equipment	-	1,372,414
Net cash provided by (used in) investing activities	(518,925)	1,335,678
Net increase (decrease) in cash and cash equivalents	(465,829)	915,085
Cash and cash equivalents, beginning of year	1,657,937	742,852
Cash and cash equivalents, end of year	$ 1,192,108	$ 1,657,937

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

1. Organization

Ann Martin Center (the "Center") is a not-for-profit agency dedicated to improving the lives of children, adolescents, and families at home, at school and in the community through effective and affordable psychotherapy, educational therapy, psychological and educational testing, and training for educators and child mental health professionals. Founded in 1963, the clinic was named in memory of Ann Martin, M.D., a pioneering Oakland pediatrician and youth advocate. The Center has clinics in Emeryville, California as well as school-based programs in the Oakland Unified School District. The Center focuses services to families in Alameda County.

Outpatient Program

The Center provides psychotherapy and psychological testing services to approximately 1,200 children, adolescents, and adults annually. Through multiple funding sources (government contracts, foundations and corporate grants, individual contributions, insurance reimbursement and client fees), the Center endeavors to serve families at all income levels with a particular emphasis on low-income, disadvantaged and at-risk youth.

EPSDT Programs

The Center operates eight EPSDT (Early Periodic Screening, Diagnosis and Treatment) programs in the Oakland public schools. These programs receive Medi-Cal funding through Alameda County Behavioral Health Care.

Outreach Program

The Center seeks to strengthen parent-child-family relationships by addressing parenting concerns about their child's emotional, behavioral, and academic development. With an emphasis on prevention and early intervention, the parent education program ("PEP") workshops provide vital support, skills, and tools that promote positive parenting. The goal of the program is to address behavioral, emotional and developmental problems in children by enhancing the knowledge, skills, and confidence of parents. The Center accomplishes these goals through a strength-based and self-reflective approach that builds upon existing parenting strengths.

Learning Program

The Center annually provides educational therapy, academic tutoring, and educational diagnostic testing to about 150 youth and adults with significant learning differences that include learning disabilities, as well as problems with memory, attention and organization.

2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Center have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses as incurred, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of presentation

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of donor restrictions, as follows:

- Unrestricted Net Assets - Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Unrestricted net assets may also be designated for specific purposes by the Board of Directors. At June 30, 2015, board designated funds amounted to $153,091 and have been set aside for the general operating reserve of the Center.

- Temporarily Restricted Net Assets - Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

- Permanently Restricted Net Assets - Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expires by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class. Generally, the donors of these assets permit the Center to use all or part of the income earned on any related investments for general or specific purposes. The Center had no permanently restricted net assets at June 30, 2015.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses are reported as decreases in unrestricted net assets.

2. Summary of Significant Accounting Policies (continued)

Designation of unrestricted net assets

It is the policy of the Board of Directors of the Center to periodically review its plans for future services, property improvements and acquisitions, and to designate appropriate sums of unrestricted net assets to assure adequate financing of such needs.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Center considers all unrestricted highly liquid investments with a maturity of three months or less at the date of acquisition, to be cash equivalents.

Contributions receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. The fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. There was no allowance for doubtful accounts at June 30, 2015.

Accounts receivable

Accounts receivable are primarily unsecured amounts due from grantors on cost reimbursement or performance grants in addition to client fee receivables. Accounts receivable are monitored by management on an ongoing basis and are written off by the Center when it has been determined that all available collection avenues have been exhausted. Based on prior write-off history and the current aging status of its grantors, the Center has established an allowance for doubtful accounts at a level considered adequate to cover anticipated credit losses on outstanding accounts receivable. There was no allowance for doubtful accounts at June 30, 2015.

Investments

The Center carries investments in marketable equity securities with readily determinable fair values at their fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

2. Summary of Significant Accounting Policies (continued)

Property and equipment

Expenditures for property and equipment of more than $2,500 are capitalized at cost and depreciated over their estimated useful lives using the straight-line method. The fair value of donated capital items is similarly capitalized. Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements at June 30, 2015.

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Grant revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit and review by grantor agencies. The review could result in the disallowance of expenditure under the terms of the grant or reductions of future grant funds. Based on prior experience, the organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the organization.

Deferred revenue represents amounts received from grants for future services to be provided by the Center in which the grantor is benefiting from the services provided. Deferred revenue is recognized as revenue in the period the related programs are held or expenditures for the grants are incurred.

Client fees

The Center recognizes services and other fee revenue in the period when the service has been provided.

2. Summary of Significant Accounting Policies (continued)

Donated services

The Center benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Center's program operations and in its fundraising campaigns. Generally accepted accounting principles in the United States (GAAP) allow recognition of contributed services only if (a) the services create or enhance non-financial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. No amounts have been recognized as donated services during the year ended June 30, 2015, because the criteria for recognition of such volunteer effort under generally accepted accounting principles have not been satisfied.

Donated assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Donated property and equipment are also recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Concentrations

The Center received approximately 84% of its revenue from the County of Alameda for the year ended June 30, 2015. Accounts receivable from the County of Alameda comprise approximately 91% of the accounts receivable balance at June 30, 2015.

Expense recognition and allocation

The cost of providing the Center's programs and other activities is summarized on a functional basis in the Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

2. Summary of Significant Accounting Policies (continued)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income tax status

The Center is a qualified organization exempt from Federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

The Center has evaluated its current tax positions and has concluded that as of June 30, 2015, the Center does not have any significant uncertain tax positions for which a liability would be necessary.

Comparative financial information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such summarized information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Subsequent events

The Center has evaluated subsequent events through December 10, 2015, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Center's financial statements.

3. Investments

The Center's investments at June 30, 2015 amounted to $984,609 and consist primarily of mutual funds, stocks and exchange-traded funds ("ETFs").

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

3. Investments (continued)

The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of nonperformance risk.

In addition to defining fair value, the FASB establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entity's own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the Center for assets and liabilities measured at fair value on a recurring basis. The three levels of inputs are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities. Investments in Level 1 include cash equivalents, U.S. Treasury bills and listed equity and fixed income securities.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. Investments in this category generally include corporate debt securities, mortgage-backed securities and other asset-backed securities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Center has no investments that are categorized as Level 3.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

3. Investments (continued)

The following table presents the financial instruments carried at fair value as of June 30, 2015, by caption on the statement of financial position within the valuation hierarchy defined above:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Mutual funds	$303,627	$ -	$ -	$303,627
Stocks and ETFs	680,982	-	-	680,982
Total investments measured at fair value	$984,609	$ -	$ -	$984,609

The following schedule summarizes net investment loss for the year ended June 30, 2015. All realized and unrealized gains and losses and investment income are reflected as unrestricted income in the Statement of Activities.

Interest and dividend income	$28,791
Investment fees	(7,877)
Net unrealized loss on investments	(21,851)
Total	$ (937)

4. Accounts Receivable

Accounts receivable consist of the following at June 30, 2015:

Alameda County	$606,161
Outpatient receivables, net	61,104
Total	$667,265

5. Property and Equipment

Property and equipment consist of the following at June 30, 2015:

Furniture and equipment	$254,654
Leasehold improvements	817,306
Less: accumulated depreciation	(206,483)
Total	$865,477

Depreciation expense for the year ended June 30, 2015 was $89,743.

6. Temporarily Restricted Net Assets

Net assets were temporarily restricted for the following purposes at June 30, 2015:

Clinical Special Fund - Mauracher	$115,948
Parent Education Program	10,000
Clinical Program	24,500
Total	$150,448

7. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended June 30, 2015 as follows:

Avery Fuller Welch Children's Foundation Fund	$ 78,088
Learning Program	13,500
Parent Education Program	45,100
Total	$136,688

8. Retirement Plan

The Center has a defined contribution retirement plan (the "Plan") under Section 401(k) of the Internal Revenue Code, that covers eligible employees who agree to make contributions to the Plan and work a minimum of 1,000 hours a year. The Center matches participants' contributions to the Plan up to 4% of the individual participant's compensation. Total employer contributions to the Plan for the year ended June 30, 2015 was $98,924.

9. Commitments and Contingencies

Operating lease

In September 2012, the Center entered into an operating lease for its facility located in Emeryville, California. The lease has a term of 10 years, beginning April 2013 and expiring in March 2023. The lease calls for monthly payments of $24,146 during the initial year and increases annually up to $31,505 in the final year of the lease. The Center recognizes rent expense on a straight line basis. Deferred rent at June 30, 2015 amounted to $98,551.

Future minimum lease payments under the operating lease as of June 31, 2015 are as follows:

2016	$ 309,703
2017	318,994
2018	328,564
2019	338,421
2020	348,574
Thereafter	1,012,380
Total minimum operating lease payments	$2,656,636

Rent expense for the year ended June 30, 2015 totaled $329,324.

Grants and contracts

The Center's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose of such an audit is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. At June 30, 2015, the Center is not aware of any potential disallowed costs as a result of noncompliance with grant and contract restrictions.

The Center also periodically receives funding in excess of actual costs incurred from certain cost reimbursement contracts. At the end of each reporting period, the Center determines the amount of funding received in excess of actual costs and records the excess as refundable advances. The refundable advances balance amounted to $378,725 at June 30, 2015, and represents an accumulation of funding in excess of actual costs over several years.

10. Concentration of Credit Risk

Financial instruments that potentially subject the Center to concentrations of credit risk are primarily cash, cash equivalents, and accounts receivable, and investments. The Center places its cash and cash equivalents in major financial institutions that are insured in limited amounts by the U.S. Government. Such amounts exceeded the Federal Deposit Insurance Corporation limits at various times during the fiscal year ended June 30, 2015. The Center's investments have been placed with high-quality counterparties. The Center closely monitors these investments and has not historically experienced significant credit losses.

The Center extends credit to a parent or guardian requesting billing for services. The parent's or guardian's ability to honor the liabilities is dependent upon their individual earnings and cash flows.

SUPPLEMENTARY SCHEDULE

ANN MARTIN CENTER
Confirmation of Audit of Alameda County Programs for Community Based Organizations
For the Year Ended June 30, 2015

Contractor Name: Ann Martin Center

Supervising Department: HCSA/ BHSVC

Dept. Liasion: Michael Lu

Type of Audit: ☑ Financial Audit Report ☐ Single Audit Report

Audit Period: July 1, 2014 to June 30, 2015

If additional sheets included, please check box ☐

	List of County Programs				During Audit Period	
Program Name	**County Dept. (ex. BHCS, SSA, PH)**	**Master Contract No.**	**Contract Period**	**Contract Amount**	**Expenditures**	**Amount Received from County**
Clinic and EPSDT	BHCS	900106	7/1/14 to 6/30/15	$ 4,180,730	$ 4,195,817	$ 3,803,138

I certify that the above County programs were included in the audit specified above. I understand that in accordance with CAM Exhibit D (1)(C)(3) requirements, all audit reports must identify each county program covered in the audit by contract number, contract amount , and contract period.

Contractor's Signature: ______________________ Date: ______________

Contractor's Name (print): ______________________ Title: ______________

ADDITIONAL INDEPENDENT AUDITOR'S REPORT

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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*

To The Board of Directors and Finance Committee
Ann Martin Center
Emeryville, 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 Ann Martin Center (the "Center"), which comprise the statement of financial position as of June 30, 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 December 10, 2015.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

Armanino LLP

ArmaninoLLP
San Francisco, California

December 10, 2015