

**CALIFA GROUP**  
**FINANCIAL STATEMENTS**  
**AND SINGLE AUDIT REPORTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**Califa Group**  
**Financial Statements and Single Audit Reports**  
**For the year ended June 30, 2020**  
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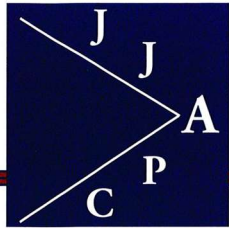
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**Califa Group**  
**Financial Statements and Single Audit Reports**  
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**List of Officials**

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<b>Board Members</b>
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- Shawn P. Calhoun – Gleeson Library
- Sandy Hirsh – San Jose State University
- Misty Jones – San Diego Public Library
- Mark Fink – Yolo County Library
- Sara Jones – Marin County Free Library
- Eve Melton – Kaiser Permanente Northern California
- James Ochsner - Sutter County Library
- Gary Shaffer - Glendale Public Library
- Carl Pritzkat – Publishers Weekly



**JJACPA, Inc.**

A Professional Accounting Services Corp.

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## **Independent Auditor's Report**

Governing Board  
Califa Group  
San Francisco, California

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

We have audited the accompanying financial statements of the Califa Group (Group), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Group's June 30, 2019, financial statements in which an unqualified opinion was expressed on those 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, 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 the Group as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 consolidated 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 consolidated 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 30, 2020 on our consideration of the Group'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 the Group's internal control over financial reporting and compliance.

December 30, 2020

*JJACPA, Inc.*  
**JJACPA, Inc.**  
**Dublin, CA**

**Califa Group****Statement of Financial Position****June 30, 2020****(with comparative balances for June 30, 2019)**

<b>ASSETS</b>		<b>2020</b>	<b>2019</b>
Cash	\$	11,172,479	\$ 11,935,615
Accounts receivable		1,399,002	1,409,637
Grants receivable		283,871	19,250
Interest receivable		30,745	65,552
Prepaid items		1,462,767	766,850
Other assets		1,247,527	1,290,939
Property and equipment, net		6,648	8,085
<b>Total assets</b>	<b>\$</b>	<b>15,603,039</b>	<b>\$ 15,495,928</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	\$	4,161,706	\$ 3,349,042
Unearned revenue		7,110,330	8,023,046
Other liabilities		5,835	197,902
<b>Total liabilities</b>		<b>11,277,871</b>	<b>11,569,990</b>
<b>Net Assets:</b>			
Without donor restrictions			
Undesignated		4,325,168	3,925,938
<b>Total net position</b>		<b>4,325,168</b>	<b>3,925,938</b>
<b>Total liabilities and net position</b>	<b>\$</b>	<b>15,603,039</b>	<b>\$ 15,495,928</b>

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

**Califa Group**  
**Statement of Activities**  
**June 30, 2020**  
**(with comparative balances for June 30, 2019)**

	Without Donor Restrictions	With Donor Restrictions	Total	2019
<b>REVENUES, SUPPORT AND GAINS</b>				
Membership and workshop fees	\$ 420,131	\$ -	\$ 420,131	\$ 381,871
Income and reimbursements	13,234,589	-	13,234,589	11,904,646
Government grants	3,346,944	-	3,346,944	2,247,817
Special grants	3,102,608	-	3,102,608	2,347,360
Investment income	245,911	-	245,911	190,133
<b>TOTAL REVENUES, SUPPORT AND GAINS</b>	<b>20,350,183</b>	<b>-</b>	<b>20,350,183</b>	<b>17,071,827</b>
<b>EXPENSES AND LOSSES</b>				
Program services	18,496,663	-	18,496,663	19,320,495
Management and general	1,454,290	-	1,454,290	849,954
<b>Total expenses</b>	<b>19,950,953</b>	<b>-</b>	<b>19,950,953</b>	<b>20,170,449</b>
<b>Increase (Decrease) in unrestricted net assets</b>	<b>399,230</b>	<b>-</b>	<b>399,230</b>	<b>(3,098,622)</b>
<b>Change in Net Assets</b>	<b>399,230</b>	<b>-</b>	<b>399,230</b>	<b>(3,098,622)</b>
<b>NET POSITION:</b>				
Beginning of year	3,925,938	-	3,925,938	7,024,560
End of year	<u>\$ 4,325,168</u>	<u>\$ -</u>	<u>\$ 4,325,168</u>	<u>\$ 3,925,938</u>

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

**Califa Group**  
**Statement of Functional Expenses**  
**For the year ended June 30, 2020**

Account Description	Program Services	Management and General	Total
Salaries	\$ -	\$ 626,283	\$ 626,283
Employee benefits	-	130,154	130,154
Business license fees and taxes	-	454	454
Computer Equipment	-	2,496	2,496
Event expenses	12,908	-	12,908
General insurance	-	10,580	10,580
Interest and bank charges	-	851	851
IT services	-	50,325	50,325
Membership dues	-	1,681	1,681
Meals	2,024	3,739	5,763
Office furniture	-	2,534	2,534
Platform costs	7,814	-	7,814
Postage	-	578	578
Accounting	-	44,234	44,234
Legal	-	5,975	5,975
Professional services: Program Contractors	2,412,811	-	2,412,811
Professional services: Other	7,492	438,511	446,003
Program equipment	224,443	-	224,443
Program supplies	390,617	2,625	393,242
Reimbursable from members - CENIC	10,928,881	-	10,928,881
Rent	-	50,369	50,369
Travel and meetings	64,539	33,888	98,427
Utilities	-	13,056	13,056
Vendor Pass-thru expenses	4,445,134	-	4,445,134
Miscellaneous expenses	-	33,127	33,127
Total expenses before depreciation	18,496,663	1,451,460	19,948,123
Depreciation	-	2,830	2,830
Total expenses	\$ 18,496,663	\$ 1,454,290	\$ 19,950,953

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

**Califa Group**  
**Statement of Functional Expenses**  
**For the year ended June 30, 2019**

Account Description	Program Services	Management and General	Total
Salaries	\$ -	\$ 488,011	\$ 488,011
Employee benefits	-	102,516	102,516
Advertising	2,500	1,309	3,809
Business license fees and taxes	1,878	84	1,962
Computer Equipment	-	12,256	12,256
Event expenses	16,962	-	16,962
General insurance	-	5,273	5,273
Interest and bank charges	-	390	390
IT services	52,554	23,240	75,794
Membership dues	2,046	1,549	3,595
Meals and meetings	8,101	-	8,101
Office Expense	35	6,910	6,945
Office furniture	85	2,376	2,461
Platform costs	3,943	-	3,943
Postage	774	1,305	2,079
Printing	-	222	222
Professional services	3,359,307	94,981	3,454,288
Program equipment	286,000	-	286,000
Program supplies	1,211,391	-	1,211,391
Reimbursable from members - CENIC	9,644,304	-	9,644,304
Rent	-	55,925	55,925
Travel and meetings	103,977	10,576	114,553
Utilities	600	9,685	10,285
Uncollectible accounts	265,961	27,061	293,022
Vendor Pass-thru expenses	4,360,077	-	4,360,077
Miscellaneous expenses	-	3,560	3,560
Total expenses before depreciation	19,320,495	847,229	20,167,724
Depreciation	-	2,725	2,725
Total expenses	\$ 19,320,495	\$ 849,954	\$ 20,170,449

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

**Califa Group**  
**Statement of Cash Flows**  
**June 30, 2020**  
**(with comparative balances for June 30, 2019)**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members for membership and workshop fees	\$ 420,131	\$ 381,871
Receipts from members for goods and services	12,375,920	18,078,978
Receipts from the State of California for grants	6,184,931	4,638,164
Payments to vendors for services and supplies	(20,024,836)	(19,234,668)
<b>Net cash provided by operating activities</b>	<b>(1,043,854)</b>	<b>3,864,345</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Contribution from Golden Gateway Library Network	-	-
<b>Net cash provided by non-capital financing activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Writedown of capital assets	-	-
Acquisition of fixed assets	-	-
<b>Net cash used by capital and related financing activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income received	280,718	155,426
<b>Net increase in cash</b>	<b>(763,136)</b>	<b>4,019,771</b>
<b>CASH AND INVESTMENTS:</b>		
Beginning of year	11,935,615	7,915,844
End of year	<u>\$ 11,172,479</u>	<u>\$ 11,935,615</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (decrease) in net assets	\$ 399,230	\$ (3,098,622)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,437	2,725
Interest income	(245,911)	(190,133)
Changes in operating assets and liabilities:		
Accounts receivable	10,635	(162,159)
Grants receivable	(264,621)	42,987
Accounts payable	812,664	1,502,004
Accrued payroll	(192,067)	197,902
Prepaid items	(695,917)	(766,850)
Other assets	43,412	(1,290,939)
Unearned revenue	(912,716)	7,627,430
<b>Net cash provided by operating activities</b>	<b>\$ (1,043,854)</b>	<b>\$ 3,864,345</b>
<i>Supplemental disclosures</i>		
Advertising	\$ -	\$ 3,809
Noncash contributions	\$ -	\$ -

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

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## **1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

### **Summary of Group**

The Califa Group (Group) is a non-profit corporation as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes. It was formed in November 6, 2003 that began operations on July 1, 2004, designed to provide member-enhanced, value-added services to all California libraries. On behalf of its members, Califa brokers and facilitates the delivery of products and services for those libraries. Califa sponsors statewide projects and receives substantially all of its funding from California libraries through membership fees with certain portions of its funding originating with the State and Federal government and private foundations.

### **Program and Supporting Services**

*Management and General* – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Group's program strategy through the Executive Director; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Group; and, manage the financial and budgetary responsibilities of the Group.

## **1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

### **Comparative Financial Information**

The accompanying 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 (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

### ***Cash, Cash Equivalents, and Restricted Cash***

*Cash and cash equivalents, and restricted cash* consist of cash held in a checking account and certificate of deposits with Boston Private Bank & Trust Company and in an investment pool managed by the State of California named the Local Agency Investment Fund (LAIF).

Financial instruments that potentially expose the Group to concentrations of credit and market risk consist primarily of cash and certificate of deposits in Boston Private Bank & Trust Company and LAIF. Cash and certificate of deposits are maintained at high quality financial institutions and credit exposure is limited at any one institution. The Group has not experienced any losses on its cash equivalents. The Group's investments do not represent significant concentrations of market risk inasmuch as the Group's investment portfolio is adequately diversified among issuers, industries, and geographic regions through Boston Private Bank & Trust Company and LAIF.

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash and cash equivalents - without donor restriction	<u>\$ 11,172,479</u>	<u>\$ 11,935,615</u>

**1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***Receivables and Credit Policies***

Accounts receivable consist primarily of fees from member libraries. At June 30, 2020 and 2019, the amounts were \$1,399,002 and \$1,409,637, respectively.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position. Contract liabilities are reported as unearned revenue in the accompanying statements of financial position.

***Property and Equipment***

Purchased property and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. It is the policy of the Group to capitalize property and equipment over \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred. Replacements and capital improvements are added to property and equipment.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

***Investments***

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

***Net Assets***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

**1. PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***Revenue and Revenue Recognition***

Contributions are recognized when a donor makes a promise to give to the Group, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net position if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net position depending on the nature of the restrictions.

As presented in the Statement of Activities on Page 4, the primary source of revenue is received from the Federal Government and State of California with the detail grant classifications.

***Contributed Services***

Donated services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Group. Many individuals volunteer their time and perform a variety of tasks that assist the Group in providing program services, administration and development, these services do not meet the criteria for recognition as contributed services as defined above.

***Advertising Costs***

Advertising costs are expensed as incurred, and \$0 and \$3,809 during the years ended June 30, 2020 and 2019, respectively.

***Functional Allocation of Expenses***

The costs of programs and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Income Taxes***

The Group is organized as a California nonprofit public benefit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as Groups described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Group is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Group is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that the entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**Califa Group**  
**Notes to Financial Statements**  
**For the year ended June 30, 2020**

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## **2. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	Balance as of June 30, 2020
Cash and cash equivalents	\$ 11,172,479
Accounts receivable	1,399,002
	<u>\$ 12,571,481</u>

The Group's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC). The FDIC currently insures the first \$250,000 of the Group's Cash at each financial institution.

## **4. PROPERTY AND EQUIPMENT**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance Jul 1, 2019	Additions	Adjustments/ Retirements	Balance Jun 30, 2020
Computers and Furniture	\$ 15,928	\$ -	\$ -	\$ 15,928
Total cost	15,928	-	-	15,928
Less: accumulated depreciation	(7,843)	(1,437)	-	(9,280)
Net book value	<u>\$ 8,085</u>	<u>\$ (1,437)</u>	<u>\$ -</u>	<u>\$ 6,648</u>

Depreciation was \$1,437 for the fiscal years ended June 30, 2020.

## **5. UNEARNED REVENUE**

Amounts recorded to deferred revenue in the amount of \$7,110,330 consisted of balances related to income, reimbursements, grants, and deposits for the next fiscal year, which have not yet been earned.

## **6. NET ASSETS**

Net assets consist of without donor restrictions. Without donor restrictions amounts reflect balances available for current operations of \$4,325,168.

## **7. OTHER UNRESTRICTED REVENUES - GOVERNMENT GRANTS**

As presented in the Statement of Activities on Page 4, the primary source of revenue is received from the Federal Government and State of California with the detail grant classifications as follows:

### **Unrestricted Revenues:**

#### **Federal:**

Califa Program	\$279,238
California Revealed	1,764,438
Virtual Reality: Elevate Learning, Inspiring Discovery	140,000
ELF	143,280
Get Involved: Skilled Volunteer Engagement in Public Libraries	34,017
FY 19/20 SVBL- Open Pilot	252,500
FY 19/20 Racial Equity	225,000
IMLS Get Involved	56,686
IMLS Secondnet	179,300
IMLS DATA - Embedded Evaluation	36,237
Rural Gateways	12,500
Boadband Equipment	223,748
Total Federal Grants:	<u>3,346,944</u>

#### **Special:**

Broadband	2,524,005
Broadband Program Manager	55,400
Califa -system operations	523,203
Total Special Grants:	<u>3,102,608</u>

Total Government Grants	<u>\$6,449,552</u>
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## **7. CONTINGENT LIABILITIES**

The Group's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose 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. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, the Group has no provision for the possible disallowance of program costs on their financial statements.

## **8. PANDEMIC EFFECTS**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Group is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Group's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Group's employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Group's financial position and changes in net position, fund balance and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

## **FEDERAL SUPPLEMENTARY REPORTS**

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**Califa Group**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2020**

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identification Number</u>	<u>Federal Expenditures</u>
<b>National Foundation on the Arts and the Humanities</b>			
<i>Pass-through programs from the California State Library - <u>State Library Program:</u></i>			
California Revealed 19/20	45.310	40-8978	964,656
Virtual Reality 19/20	45.310	40-9002	140,000
Get Involved 19/20	45.310	40-8985	20,770
<i>Total State Library Program</i>			<u>1,125,426</u>
<b><u>Direct Award</u></b>			
IMLS Secondnet	45.313	LG-95-18-0153-18	83,273
IMLS Data 19/20	45.313	RE-13-19-0076-19	79,995
<b>Total National Foundation on the Arts and the Humanities</b>			<u>163,268</u>
<b>National Science Foundation</b>			
<i>Pass-through program from Dartmouth College <u>Education and Human Resources</u></i>			
Rural Gateways 15-21	47.076	R795	12,500
<b>Total National Science Foundation</b>			<u>12,500</u>
<b>Total Federal Expenditures</b>			<u>\$ 1,301,194</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards  
are an integral part of this supplementary information.

**Califa Group**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2020**

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**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Group and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

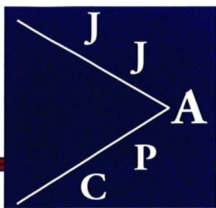
**2. DESCRIPTION OF MAJOR PROGRAMS**

**State Library Program (CFDA #45.310)**

As authorized by the Library Services and Technology Act; Museum and Library Services Act of 1996, Title II, Public Law 104-208, to consolidate Federal library services programs; to stimulate excellence and promote access to learning and information resources in all types of libraries for individuals of all ages; to promote library services that provide all users access to information through State, regional, and international electronic networks; to provide linkages among and between libraries; and to promote targeted library services to people of diverse geographic, cultural, and socioeconomic backgrounds, to individuals with disabilities, and to people with limited functional literacy or information skills.

**3. INDIRECT COST ELECTION**

Califa has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



JJACPA, Inc.

A Professional Accounting Services Corp.

**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***

Governing Board  
Califa Group  
San Francisco, 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 the Califa Group (Group), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2020.

**Internal Control over Financial Reporting**

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

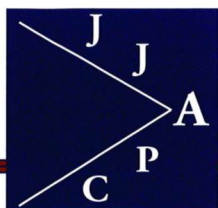
## Purpose of this Report

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.

December 30, 2020

*JJACPA, Inc.*

**JJACPA, Inc.  
Dublin, CA**



JJACPA, Inc.

A Professional Accounting Services Corp.

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

Independent Auditor's Report

Governing Board  
Califa Group  
San Francisco, California

Report on Compliance for Each Major Federal Program

We have audited the Califa Group's (Group) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Group's major federal programs for the year ended June 30, 2020. The Group's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Group's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Group's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Group's compliance.

## Opinion on Each Major Federal Program

In our opinion, the Group complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of the Group is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Group's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Group's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

December 30, 2020

*JJACPA, Inc.*

**JJACPA, Inc.  
Dublin, CA**

**Califa Group**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2020**

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Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
#45.310	State Library Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Califa Group**  
**Schedule of Findings and Questioned Costs, continued**  
**For the year ended June 30, 2020**

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Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Section IV – Status of Prior Year Audit Findings

No prior year audit findings.

Section V – Corrective Action Plan

There were neither current year findings nor questioned costs (see Section III above).