COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

MARIA M. OMS
CHIEF DEPUTY

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

May 14, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe FOR
Auditor-Controller

SUBJECT: **FISCAL REVIEW OF SOUTH BAY BRIGHT FUTURE YOUTH DEVELOPMENT CENTER, INCORPORATED – A FOSTER FAMILY AGENCY AND GROUP HOME FOSTER CARE CONTRACTOR**

Attached is our report on the fiscal operations of South Bay Bright Future Youth Development Center, Incorporated (SBD or Agency), from January 1, through December 31, 2006. The Departments of Children and Family Services (DCFS) and Probation contract with SBD to serve as a Foster Family Agency (FFA) to recruit, certify, train and support foster family homes. The Agency also operates three group homes (GHs). South Bay is located in the Fourth Supervisorial District.

From January 1, through December 31, 2006, SBD's FFA had 115 children placed by Los Angeles County in 28 certified foster homes. DCFS paid SBD between $1,589 and $1,865 per child per month based on a rate established by the California Department of Social Services (CDSS). CDSS requires FFAs to pay their foster parents at least 40% of the funds they receive. DCFS paid the Agency a total of $877,709 in FFA funds and the Agency paid $358,308 (41%) of the funds directly to foster parents.

SBD's three GHs have a resident capacity of six children each. DCFS paid SBD $5,234 per child per month, or a total of $1,146,247 in GH foster care funds for calendar year 2006.

Scope

The purpose of our review was to determine whether SBD complied with its contract terms and appropriately accounted for and spent foster care funds on allowable and reasonable expenditures. We also evaluated the Agency's expenditure and revenue documentation, internal controls and compliance with applicable federal, State, and County fiscal guidelines governing FFA and GH foster care funds.

Summary of Findings

We identified $8,232 in unallowable costs and $21,469 in unsupported/inadequately supported costs. In addition, DCFS and SBD need to work together to resolve some potential overpayments.

We determined that SBD's Chief Executive Officer (CEO), who also serves as Board President, owns three GH properties that are leased to the Agency. The California Corporations Code Section 5233 states that a transaction is deemed "self-dealing" when a corporation is a party to a transaction and one or more of its directors have a material financial interest in the transaction. Welfare & Institutions Code Section 11462.06d(1) states that commencing July 1, 2003, any group home provider with self-dealing shelter cost transactions will not be eligible for a foster care rate. According to the CDSS Foster Care Rates Bureau, the Agency must remove the CEO from the Agency's Board of Directors if it wishes to continue receiving foster care funding. CDSS indicated that they will officially notify the Agency that the CEO must be removed from the Board. DCFS should periodically follow-up with the Agency and CDSS to ensure that the CEO is no longer a Board member.

SBD also needs to develop a valid cost allocation plan and strengthen its internal controls over its accounting, disbursements, independent contractors and bank reconciliations. Details of our findings are discussed in the attached report.

We have recommended that DCFS resolve the questioned costs and collect any disallowed amounts and overpayments. In addition, DCFS needs to ensure that SBD's management takes action to address the recommendations in this report and monitor to ensure the actions result in permanent changes.

Review of Report

We provided a draft of this report to SBD's management for their review and comments. However, the Agency declined to have a formal exit conference to discuss the findings. The Agency will provide their response to DCFS who will prepare a Fiscal Corrective Action Plan and submit it directly to the Board of Supervisors. We thank SBD's management and staff for their cooperation during our review.

Please call me if you have any questions, or your staff may contact Jim Schneiderman at (213) 253-0101.

WLW:MMO:JLS:MWM

Attachment

c: William T Fujioka, Chief Executive Officer
Patricia S. Ploehn, Director, Department of Children and Family Services
Ted Myers, Chief Deputy Director, Department of Children and Family Services
Susan Kerr, Senior Deputy Director, Department of Children and Family Services
Robert B. Taylor, Chief Probation Officer
Dr. William Hill, Chief Executive Officer, South Bay Bright Future
Board of Directors, South Bay Bright Future
Cora Dixon, Bureau Chief, Foster Care Audit Bureau, CA Dept of Social Services
Commission for Children and Families
Public Information Office
Audit Committee

South Bay Bright Future Youth Development Center, Incorporated
Fiscal Review

REVIEW OF EXPENDITURES/REVENUES

We identified $8,232 in unallowable costs and $21,469 in unsupported/inadequately supported costs. In addition, DCFS and SBD need to work together to resolve some potential overpayments. Details of these costs/overpayments are discussed below.

APPLICABLE REGULATIONS AND GUIDELINES

SBD is required to operate its FFA and GH programs in accordance with the following federal, State, and County regulations and guidelines:

- FFA and GH Contracts, including Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook)
- Federal Office of Management and Budget Circular A-122 (Circular), Cost Principles for Non-Profit Organizations
- California Department of Social Services Manual of Policies and Procedures (CDSS-MPP)
- California Code of Regulations, Title 22 (Title 22)

Unallowable Expenditures

We identified $8,232 in unallowable expenditures:

- $7,368 in interest and finance charges from credit cards, insurance and vehicle payments. Circular A-122 Section 23 states that interest payments are unallowable costs.
- $864 in late fees, parking violations and penalties charged by Shell Oil, GE Capital, and the Department of Motor Vehicles. Circular A-122 Section 16 states that fines and penalties are unallowable costs.

Unsupported/Inadequately Supported Expenditures

A-C Handbook Section A.3.2 states that all expenditures must be supported by original vouchers, invoices, receipts, cancelled checks or other documentation. Unsupported expenditures will be disallowed upon audit. We identified $21,469 in expenditures that were either not supported, or were not adequately supported. Specifically:

- $11,150 in inadequately supported auto allowances paid to the Executive Director ($4,550), GH Administrator ($3,600) and the FFA Administrator ($3,000). SBD did

not maintain documentation, such as vehicle mileage logs showing the allowances were related to the County's Foster Family Agency and Group Home programs. A-C Handbook Section A.3.2 requires an agency to maintain vehicle mileage logs showing dates, destinations, purpose of trip, beginning and ending odometer readings, and resulting mileage. Without vehicle mileage logs, we cannot determine whether the auto allowances were appropriate and used for FFA and GH purposes.

- $9,936 in inadequately supported payments for two 2003 Ford Windstar vehicles. The Agency provided cancelled checks and sales agreements, but did not maintain vehicle mileage logs to establish what portion of the vehicle usage was for FFA and GH business.

- $303 in inadequately supported credit card expenditures. The Agency provided credit card statements, but no receipts, or the receipts were inadequate to substantiate that the expenditures were FFA or GH related.

- $80 in inadequately supported auto expenditures in which the Agency provided a cancelled check, but no receipt to substantiate that the expenditures were program related.

Recommendations

DCFS management:

1. **Resolve the $29,701 ($8,232 + $21,469) in unallowable and unsupported/inadequately supported expenditures and collect any disallowed amounts.**

SBD management:

2. **Ensure that foster care funds are used for allowable expenditures to carry out the purpose and activities of the Agency.**

3. **Maintain adequate supporting documentation for all Agency expenditures, including original itemized invoices and receipts.**

Potential DCFS Overpayments

DCFS records show some potential overpayments made to the Agency. DCFS and SBD should work together to resolve the overpayments, and DCFS should collect any verified overpayments. SBD management should ensure that any future payment discrepancies are immediately reported to DCFS and any excess amounts are repaid promptly.

Recommendations

4. **DCFS work with SBD to resolve the overpayments and collect any verified overpayments.**

5. **SBD management ensure that any future payment discrepancies are immediately reported to DCFS and any excess amounts are repaid promptly.**

CONTRACT COMPLIANCE AND INTERNAL CONTROLS

We noted several contract compliance issues and internal control weaknesses. DCFS should ensure that SBD management takes action to address each of the contract compliance and internal control recommendations in this report. DCFS should also monitor to ensure the actions result in permanent changes.

Self-Dealing Transactions

California Corporations Code Section 5233 states that a transaction is deemed "self-dealing" when a corporation is a party to a transaction and one or more of its directors have a material financial interest in the transaction. Welfare & Institutions Code Section 11462.06d(1) states that commencing July 1, 2003, any group home provider with self-dealing shelter cost transactions will not be eligible for a foster care rate.

We determined that the Chief Executive Officer (CEO), who also serves as Board President, owns three GH properties that are leased to the Agency. According to the CDSS Foster Care Rates Bureau, the Agency must remove the CEO from the Agency's Board of Directors if it wishes to continue receiving foster care funding. CDSS indicated that they will officially notify the Agency that the CEO must be removed from the Board. DCFS will need to periodically follow-up with the Agency and CDSS to ensure that the CEO is no longer a Board member.

Recommendation

6. **SBD management comply with the California Corporations Code and the Welfare and Institutions Code on self-dealing transactions by removing the Chief Executive Officer from the Board of Directors.**

Allocation of Indirect Costs

A-C Handbook Section C.2.0 states that an agency should allocate expenditures that benefit multiple programs or funding sources on an equitable basis. SBD operates a FFA and a GH program that are funded by Los Angeles County.

SBD provided a written document indicating their administrative costs were allocated 36% to the GH program and 64% to the FFA program. However, the Agency did not

have a formal cost allocation plan and did not provide supporting documentation showing how they determined the allocation percentages.

Recommendation

7. **SBD management prepare a formal cost allocation plan to support the percentage of administrative costs allocated to the Agency's programs.**

Accounting and Disbursement Procedures

We noted the following weaknesses in the Agency's accounting and disbursement procedures:

- As previously indicated, the Agency does not maintain vehicle mileage logs. As a result, we were unable to determine the program-related auto expenditures. A-C Handbook Section A.3.2 requires the Agency to maintain vehicle mileage logs.

- The Agency's fixed assets list does not identify the description and serial number of each fixed asset, nor does the Agency conduct an inventory of fixed assets at least once each year to ensure that all fixed assets are accounted for and maintained in proper working order as required by A-C Handbook Section B.4.2.

Recommendations

SBD management:

8. **Maintain vehicle mileage logs that identify the travel date, destination, purpose of trip, beginning and ending odometer readings, and resulting mileage.**

9. **Maintain a fixed assets list that identifies the description and serial number of each asset, and conduct an inventory of fixed assets at least once a year to ensure that all fixed assets are accounted for and maintained in proper working order.**

Independent Contractors

A-C Handbook Section A.3.2 requires agencies to have contracts, time and attendance records, billing rates and other supporting documentation for all independent contractors. In addition, Section A.2.6 requires agencies to report payments to independent contractors to the federal and State governments.

We reviewed five independent contractors hired by the Agency and noted one contractor, a GH cook, did not submit invoices, did not have a written contract with SBD and was not issued a 1099. Although the Agency provided alternative documentation such as sign-in sheets and a calendar identifying meals that were prepared by the cook,

SBD needs to have a written contract with all contractors, describing the services to be provided and billing rates. In addition, SBD needs to ensure that all payments to independent contractors are reported to the federal and State tax agencies.

Recommendations

SBD management:

10. **Ensure the Agency has contracts on file for all contractors describing time and attendance requirements, billing rates and other supporting documentation for the services to be provided.**

11. **Ensure that all payments to independent contractors are reported to the federal and State tax agencies.**

Bank Reconciliations

Section B.1.4 of the A-C Handbook requires that bank reconciliations be prepared within 30 days of the bank statement date and reviewed by management for appropriateness and accuracy. The preparer and management should sign and date the bank reconciliations.

We reviewed the Agency's monthly bank reconciliations and noted that two bank reconciliations were not prepared within 30 days of the bank statement date, and the preparer and reviewer did not sign or date the monthly bank reconciliations.

Recommendation

12. **SBD management ensure that bank reconciliations are completed within 30 days of the bank statement date and are signed and dated by the preparer and reviewer.**

County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

425 Shatto Place, Los Angeles, California 90020
(213) 351-5602

PATRICIA S. PLOEHN, LCSW
Director

Board of Supervisors
GLORIA MOLINA
First District
MARK RIDLEY-THOMAS
Second District
ZEV YAROSLAVSKY
Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

January 5, 2010

Dr. William Hill, Chief Executive Director
South Bay Bright Future Development Center, Inc.
24404 Vermont Avenue
Harbor City, CA 90710

Dear Dr. Hill:

AUDITOR-CONTROLLER'S FISCAL AUDIT REPORT ON SOUTH BAY BRIGHT FUTURE YOUTH DEVELOPMENT CENTER, INCORPORATED - A FOSTER FAMILY AGENCY AND GROUP HOME FOSTER CARE CONTRACTOR

We have reviewed your fiscal corrective action plan (FCAP) dated October 6 , 2009 in response to the Auditor-Controller's draft fiscal audit report dated May 14, 2009. The FCAP fully addresses 12 recommendations (see Attachment III). In addition, the two recommendations directed to DCFS were fully addressed.

$8,232 in unallowable costs, South Bay Bright Future stated in their FCAP that the agency will repay the amount to DCFS. **Therefore, the $8,232 remains disallowed and must be repaid.**

$9,936 in inadequately supported costs, a total of $9,936 has been allowed after your agency provided additional information and supporting documentation.

$11,150 ($3,000+$3,600+$4,550) in inadequately supported costs, a total of $6,600 has been allowed after your agency provided additional information and supporting documentation.

In regards, $4,550 the Auditor-Controller (A-C) Handbook section A.3.2 requires an agency to maintain vehicle mileage logs showing dates, destinations, purpose of trip, beginning and ending odometer readings, and resulting mileage. Without vehicle mileage logs, DCFS cannot determine whether the auto allowances were appropriate and used for FFA and GH purposes and is unable to allow this amount. **Therefore, the $4,550 remains disallowed and must be repaid.**

$303 in inadequately supported costs, South Bay Bright Future stated in their FCAP that the agency will repay the amount to DCFS. **Therefore, the $303 remains disallowed and must be repaid.**

$80 in inadequately supported costs, South Bay Bright Future stated in their FCAP that the agency will repay the amount to DCFS. **Therefore, the $80 remains disallowed and must be repaid.**

The Auditor-Controller (A-C) Handbook states that all revenues and expenditures shall be supported by original vouchers, invoices, receipts, timecards, travel logs, contract and loan agreements and/or other documentation and the unsupported expenditures shall be disallowed upon audit.

Please contact the Los Angeles County Treasurer and Tax Collector Department; by January 14, 2010 to schedule a date and time to sign a repayment agreement for the amount of **$13,165** ($8,232+4,550+303+80) (see Attachment IV).

Kathy Waters-Gloster
Operations Chief
Los Angeles County Treasurer and Tax Collector Revenue and Enforcement
225 N. Hill Street Room 122
Los Angeles, CA 90012
(213) 893-7968
kgloster@ttc.lacounty.gov

With regard to the overpayment, please contact Luis Castaneda, Supervisor, Overpayment Unit, (213) 351-3212 to reconcile any overpayments on record. DCFS records as of January 4, 2010 reflect a $9,599 overpayment balance for this agency. DCFS will require a signed repayment agreement for the overpayment balance.

If you have any questions, please contact Ali Gomaa-Mersal of my staff at (213) 351-3209.

Sincerely,

Phillip S. Molina, Division Chief
Fiscal Operations Division

c: Mike McWatters, Chief Audit Division
Russell Lingo, Principal Accountant-Auditor

FISCAL REVIEW OF
SOUTH BAY BRIGHT FUTURE YOUTH DEVELOPMENT CENTER, INC.
A FOSTER FAMILY AGENCY CONTRACTOR

Note: Department of Children and Family Services (DCFS) will only review documentation not previously provided to the Auditor-Controller.

Summary of Recommendations

Based on the FCAP dated October 6, 2009 submitted by SBD, the status of each recommendation is summarized as follows:

- 10 Recommendations (2, 3, 5 -12) were fully addressed. .
- 2 Recommendations (1 & 4) were directed to the Department were addressed.

Auditor-Controller Recommendations

1. **Resolve the $29,701 ($8,232 + $21,469) in unallowable and unsupported/inadequately supported expenditures and collect any disallowed amounts.**

SBD's Proposed FCAP:

(a) Unallowable Expenditures: Agency will be reimbursing DCFS for these funds accordingly ($8,232) and have place procedures in place to eliminate unallowable and/or unsupported expenses in the future.

(b) Unsupported/Inadequately Supported Expenditures:

- Please see Attachment A for reconsideration and acceptance of auto expenses paid to the Executive Director, GH Administrator, and FFA Administrator ($11,150).
- Please see Attachment B for reconsideration and acceptance of payments made for two 2003 Ford Windstar vehicles ($9,936).
- Agency will be reimbursing DCFS for credit card expenses ($303) and auto expenses ($80) which were considered by DCFS to be unsupported/inadequately documented. Agency will ensure that no payments are paid in the future on loss/misplaced receipts.

DCFS Response:

- $8,232 in unallowable costs, South Bay Bright Future stated in their FCAP that the agency will repay the amount to DCFS. **Therefore, the $8,232 remains disallowed and must be repaid.**

- $9,936 in inadequately supported costs, a total of $9,936 has been allowed after your agency provided additional information and supporting documentation.
- $11,150 ($3,000+$3,600+$4,550) in inadequately supported costs, a total of $6,600 has been allowed after your agency provided additional information and supporting documentation.

  In regards to the $4,550, the Auditor-Controller (A-C) Handbook section A.3.2 requires an agency to maintain vehicle mileage logs showing dates, destinations, purpose of trip, beginning and ending odometer readings, and resulting mileage. Without vehicle mileage logs, DCFS cannot determine whether the auto allowances were appropriate and used for FFA and GH purposes and is unable to allow this amount. **Therefore, the $4,550 remains disallowed and must be repaid.**
- $303 in inadequately supported costs, South Bay Bright Future stated in their FCAP that the agency will repay the amount to DCFS. **Therefore, the $303 remains disallowed and must be repaid.**
- $80 in inadequately supported costs, South Bay Bright Future stated in their FCAP that the agency will repay the amount to DCFS. **Therefore, the $80 remains disallowed and must be repaid.**

Please contact the Los Angeles County Treasurer and Tax Collector Department; by January 14, 2010 to schedule a date and time to sign a repayment agreement for the amount of $13,165 ($8,232+4,550+303+80) (see Attachment IV).

Kathy Waters-Gloster
Operations Chief
Los Angeles County Treasurer and Tax Collector Revenue and Enforcement
225 N. Hill Street Room 122
Los Angeles, CA 90012
(213) 893-7968
kgloster@ttc.lacounty.gov

2. **SBD Management ensure that foster care funds are used for allowable expenditures to carry the purpose and activities of the Agency.**

SBD's Proposed FCAP: Agency has reaffirmed with foster care parents and staff the importance and requirement of funds being used for allowable expenditures. Furthermore, the compliance officer will verify and certify via signature in the future that expenditure is in fact an allowable expense.

DCFS Response: DCFS accepts the agency's FCAP.

3. **SBD Management maintain adequate supporting documentation for all Agency expenditures, original itemized invoices and receipts.**

SBD's Proposed FCAP: A memo has been sent out to all staff affirming the need for original receipts and/or invoices for all Agency expenditures. Staff has been informed that no further reimbursement shall occur unless original receipts and/or invoices are attached.

DCFS Response: Please submit a copy of the memo to DCFS by January 14, 2010.

4. **DCFS work with SBC to resolve the overpayment and collect any verified overpayments.**

SBD's Proposed FCAP: As noted, one overpayment was pending due to timing of when auditors were in. The accountant does currently track days/nights of care, which are verified against the monies deposited in our account. If an overpayment is noted, a check is cut and sent out promptly to DCFS.

DCFS Response: Please contact Luis Castaneda, Supervisor, Overpayment Unit, (213) 351-3212 to reconcile any overpayments on record. DCFS records as of January 4, 2010 reflect a $9,599 overpayment balance for this agency. DCFS requires that this amount must be repaid.

5. **SBD Management ensure that any future payments discrepancies are immediately reported to DCFS and any excess amounts are repaid promptly.**

SBD's Proposed FCAP: The compliance officer reviews and verifies all payments received against days/nights of care. In addition, the compliance officer now verifies that overpayments have been submitted back to DCFS promptly.

DCFS Response: DCFS accepts the agency's FCAP.

6. **SBD Management comply with the California Corporations Code and the Welfare and Institutions Code on self-dealing transactions by removing the Chief Executive Officer from the Board of Directors.**

SBD's Proposed FCAP: The Chief Executive Officer is not and never has been a part of the Board of Directors.

Examiners in field did not bring to our attention during the examination, nor during the exit meeting, that they had reason to believe that William M. Hill, CEO was part of the Board of Directors; if they had we would have given the records confirming that the CEO is not part of the Board of SBBF.

There are 4 board members.

The CEO may attend board meetings as an invited guest to present information to the board accordingly and/or provide clarification to board members when requested. He does not and never has had any voting rights whatsoever.

Please see Attachment C which supports the above statement.

DCFS Response: Please submit a copy of the latest list of the agency's Board of Director's to DCFS by January 14, 2010.

7. **SBD Management prepare a formal cost allocation plan to support the percentage of administrative costs allocated to the Agency's programs.**

SBD's Proposed FCAP: Within 90 days the agency will submit a formal cost allocation plan.

DCFS Response: Please submit a copy of the cost allocation plan to DCFS.

8. **Maintain vehicle mileage logs that identify the travel date, destination, purpose of trip, beginning and ending odometer readings, and resulting mileage.**

SBD's Proposed FCAP: Please see Attachment D which is a sample of the vehicle log now being maintained for each vehicle by the agency.

DCFS Response: DCFS accepts the agency's FCAP. Auditor-Controller (A-C) Handbook section A.3.2 requires an agency to maintain vehicle mileage logs showing dates, destinations, purpose of trip, beginning and ending odometer readings, and resulting mileage.

9. **Maintain a fixed assets list that identifies the description and serial number of each asset, and conduct an inventory of fixed assets at least once a year to ensure that all fixed assets are accounted for and maintained in proper working order.**

SBD's Proposed FCAP: No later than December 31, 2009, a complete inventory shall be completed of the administrative offices and 3 group homes. Individual items which are valued over $250 shall be individually tag and numbered accordingly.

DCFS Response: Please submit a copy of fixed asset list to DCFS by January 14, 2010.

10. **SBD Management ensure the Agency has contracts on file for all contractors describing time and attendance requirements, billing rates and other supporting documentation for the services to be provided.**

SBD's Proposed FCAP: All independent contractors have updated their contracts with the agency and shall be required to confirm duties and current billing rates on an annual basis to eliminate any discrepancies in the duties and the amount billed.

DCFS Response: DCFS accepts the agency's FCAP.

11. **SBD Management ensure that all payments to independent contractors are reported to the federal and State tax agencies.**

SBD's Proposed FCAP: Agency is currently in compliance with reporting all mandated reporting of federal and state tax agency requirements. Annual certification of independent contractors' contracts and W9 will ensure continued compliance and proper reporting.

DCFS Response: DCFS accepts the agency's FCAP.

12. **SBD Management ensure that bank reconciliations are completed within 30 days of the bank statement date and are signed and dated by the preparer and reviewer.**

SBD's Proposed FCAP: Procedures have been put in writing to ensure that accounting now prepares bank reconciliation and that the compliance officer reviews the bank reconciliation within 30 days of the bank statement date.

See Attachment E (June 2009 Bank Reconciliation)

DCFS Response: DCFS accepts the agency's FCAP.

ATTACHMENT IV

DCFS'S RESPONSE TO
SOUTH BAY BRIGHT FUTURE YOUTH DEVELOPMENT CENTER, INC.
FISCAL AUDIT

A-C AUDIT FINDINGS	COSTS ALLOWED BY DCFS	COSTS DISALLOWED BY DCFS	UNALLOWABLE COSTS	DCFS' RESPOSE TO RECOMMENDATIONS TOTAL IN QUESTIONED COSTS $29,701.00
$7,368.00			$7,368.00	Interest & finance charges from credit cards, insurance and vehicle payments
$864.00			$864.00	In late fees, parking violations and penalties charged by Shell Oil, GE Capital and the DMV
$11,150.00	$6,600	$4,550		In inadequately supported auto allowances paid to the Executive Director ($4,550), GH Administrator ($3,600) and the FFA Administrator (3,000)
$9,936.00	$9,936	$0		In inadequately supported payment for two 2003 Ford Windstar vehicles.
$303.00		$303		In inadequately supported credit card expenditures.
$80.00		$80		In inadequately supported auto expenditures.
$29,701.00	$ 16,536	$ 4,933	$8,232.00	

ORIGINAL QUESTIONED COSTS	$29,701.00
AMOUNT ALLOWED BY DCFS	$16,536.00
AMOUNT TO REPAID BY AGENCY	$13,165.00

COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
Revenue and Enforcement Division

P. O. Box 513191
Los Angeles, CA 90051-1191

January 15, 2010

Account Type:
DCFS SALARY OVERPAYMENT
Number: 12059003
Balance: $13165.00

12059003 C10
SOUTH BAY BRIGHT FUTURE
24404 VERMONT AVE.
HARBOR CITY, CA 90710

INSTALLMENT CONFIRMATION

This notice is to confirm your promise to make payments according to our agreement via the telephone on 01-15-10. Terms are:

PAYMENT AMOUNT:	$550.00
1ST PMT DUE:	01-29-10
INSTALLMENT BALANCE:	$13165.00

I/we understand that the amount of installment payments set forth herein are in accordance with my/our present financial ability to pay and I/we further promise to submit an updated financial statement upon request of the County of Los Angeles to determine the current financial ability to pay and will renegotiate this agreement to pay the total remaining balance if warranted by change in my financial condition.

It is further agreed that I/we may become subject to legal action for breech of contract, and in such event I/we agree to pay the court costs, the expense for the enforcement of the judgement and attorney fees.

PURSUANT TO SECTION 360.5 OF THE CODE OF CIVIL PROCEDURE, I/WE AGREE THAT ALL STATUTES OF LIMITATION UPON THE DEBT REFERRED TO ABOVE ARE HEREBY FOREVER WAIVED.

The ~~principal~~ Holder and any delinquent balance shall bear interest at the rate of Ten Percent (10%) per year. If any one of the installments due is not paid within five (5) days after it becomes due and payable, the entire principal sum of this agreement then remanining unpaid shall at the election of the County of Los Angeles, become immediately payable and such entire sum shall carry interest at the same rate. Any payment shall be applied applied first to interest computed in full date of such payment, and the remainder to principal.

In consideration of the above promises made by the undersigned, the County of Los Angeles does hereby promise to accept said monthly installments in lieu of the lump sum payment due, and does further promise to forbear from bringing suit at this time to recover the full amount presently due.

WITNESS my hand this 15th day of January 2010
SIGNED Leverta D Hill
SS NO. 548-53-4063 DR LIC. NO. N7181845
ADDRESS 24404 So Vermont Ave. Suite 201 Harbor City, CA. 90710

RA

PAYMENT PLAN SETUP

ACCOUNT	PLAN
ACCT 12059003 PKT# 1 OF 1	SETUP 01-15-10 # 2153284
NAME SOUTH BAY BRIGHT FUTURE / DCFS SALARY OV	CHANGED
ADDR 24404 VERMONT AVE. HARBOR CITY CA 90710	LAST PMT 0.00
ASGN 01-11-10 LAST PAY STS PAY	PAST DUE 0.00
I-RT 0	CURR DUE: 01-29-10 550.00
DATE ON PLAN 01-15-10	FINAL DUE 12-29-2011 515.00
	TOTAL BALANCE 13,165.00
AMOUNT ON PLAN 13,165.00	TOTAL PPLAN INT 0.00
PAYMENT AMOUNT:550.00	PAID TO-DATE 0.00
BALLOON PMT: N	
	TOTAL PMT AMT 550.00
PMT APPLICATION AGN/AMT,INT & OTHER	NUMBER OF PMTS: 24 FREQ: M
ORIG PLAN AMT 13,165.00	1ST PMT DUE DT: 01-29-10
	ALT 1ST PMT DT:
	ALT 1ST PMT AMT:
	PPLAN SERIES(?): PPLAN
	PRINT COUPON BK: N MAX: 99999
	TO COLL DATE:
	DAYS TILL DELINQUENT: 17

C=Compute J=Next Acct DEL=Delete CA=Calculator Q=Quit

1 Sess-1 159.83.75.50 1 12/16

Statement of Acknowledgement

I, William McKinely Hill am the Founder and Chief Executive Officer (CEO) of South Bay Bright Future, Inc. a non-profit organization. I am neither a current member nor a former member of the Board of Directors. I am responsible for reporting directly to the Board of Directors as the CEO.

The following information is intended to confirm my relationship with the Board of Directors of South Bay Bright Future:

Dannetta Watts-Waters, President
Business based relationship
Financial Banking Intuitions Auditor and South Bay Bright Future's Compliance Consultant

Thelma Monagon, Vice President
Business based relationship
Bureau of Prisons Retired Lieutenant

Rae Dowdy, Secretary
Community based relationship
Charitable Organization Financial Officer

Richard Jackson, Member
Community based relationship
Retired Architect

I hereby certify that the above information is true, accurate, and correct.

William M. Hill
CEO

NRO1 ANITA BROWN
COMM. #1667539
Notary Public - California
Los Angeles County
My Comm. Expires May 16, 2010 NRO1

3-17-08

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Los Angeles

On March 17, 2008 before me, Anita Brown, Notary Public,
(Here insert name and title of the officer)

personally appeared William Hill,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Anita Brown, Notary Public
Signature of Notary Public

(Notary Seal)

NRO1 ANITA BROWN COMM. #1667539 Notary Public - California Los Angeles County My Comm. Expires May 16, 2010 NRO1

ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

Statement of Acknowledgment
(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages 1 Document Date 3-17-08

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- ☐ Individual (s)
- ☐ Corporate Officer
  (Title)
- ☐ Partner(s)
- ☐ Attorney-in-Fact
- ☐ Trustee(s)
- ☐ Other

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he~~/she/~~they,~~ is /~~are~~) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - Indicate title or type of attached document, number of pages and date.
  - Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

DECLARATION OF UNDERSTANDING

I, Dannetta D. Watts Waters, as the current President of the Board of Directors for South Bay Bright Future Youth Development Center, and 501 c 3 non profit corporation, and as the former Vice President of the Board of Directors of the same organization in 2006, do hereby declare that Dr. William M. Hill's position and involvement with South Bay Bright Future Youth Development Center is that of founder and Chief Executive Officer ("CEO"). Dr. Hill is not a current member of nor is he a former member of the Board of Directors. Dr. Hill reports directly to the Board of Directors as the CEO.

This will clearly be stated in our 990 filed that will be filed with the Internal Revenue Services ("IRS") no later than May 15, 2008 for our fiscal year that ended December 31, 2007. Upon completion a copy of document filed with the IRS will be forwarded to you for your reference. I hereby certify that the above information is true, accurate and correct.

Dannetta D. Watts Waters

Dannetta D. Watts Waters, Board President

CALIFORNIA JURAT WITH AFFIANT STATEMENT

☑ See Attached Document (Notary to cross out lines 1–6 below)
☐ See Statement Below (Lines 1–5 to be completed only by document signer[s], *not* Notary)

1
2
3
4
5
6

Signature of Document Signer No. 1 — Signature of Document Signer No. 2 (if any)

State of California

County of San Luis Obispo

Subscribed and sworn to (or affirmed) before me on this

12 (Date) day of March (Month), 2008 (Year), by

(1) Dannetta Denise Watts Waters (Name of Signer)

proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) (,)

(and

(2) _____ (Name of Signer),

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature _____ (Signature of Notary Public)

RENEE HOWARD
Commission # 1731068
Notary Public - California
San Luis Obispo County
My Comm. Expires Apr 12, 2011

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Further Description of Any Attached Document

Title or Type of Document: Declaration of Understanding

Document Date: March 12 2008 Number of Pages: 1

Signer(s) Other Than Named Above: None

RIGHT THUMBPRINT OF SIGNER #1	RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here	Top of thumb here

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