

Report of Independent Auditors
and Financial Statements for

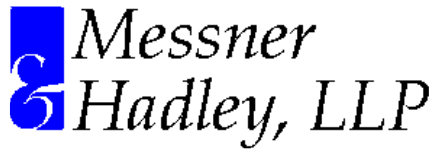
Family Assistance Program

June 30, 2021 and 2020

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FINANCIAL SECTION



Paul S. Messner, CPA
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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Family Assistance Program
Victorville, California

We have audited the accompanying financial statements of Family Assistance Program (a non-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Assistance Program as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) 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 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 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 30, 2020, on our consideration of Family Assistance Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Assistance Program's internal control over reporting and compliance.

Messner & Hadley, LLP.

Messner & Hadley, LLP
Certified Public Accountants

Apple Valley, California
December 23, 2021

**FAMILY ASSISTANCE PROGRAM
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 641,754	\$ 1,016,665
Grants receivable	911,237	394,349
Prepaid expenses and other assets	45,910	42,614
Security deposits	33,741	28,611
Total current assets	<u>1,632,642</u>	<u>1,482,239</u>
NONCURRENT ASSETS		
Property and equipment, net	1,685,471	1,120,638
Loan costs, net	3,720	7,629
Other assets	2,025	-
Total noncurrent assets	<u>1,691,216</u>	<u>1,128,267</u>
TOTAL ASSETS	<u>\$ 3,323,858</u>	<u>\$ 2,610,506</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 17,672	\$ 266
Accrued expenses	135,600	115,534
Current portion mortgage payable	469,088	49,281
Total current liabilities	<u>622,360</u>	<u>165,081</u>
NONCURRENT LIABILITIES		
long-term debt, net of current portion	<u>983,496</u>	<u>1,246,344</u>
Total liabilities	1,605,856	1,411,425
NET ASSETS		
Without donor restrictions	908,532	772,938
With donor restrictions	<u>809,470</u>	<u>426,143</u>
Total net assets	<u>1,718,002</u>	<u>1,199,081</u>
Total liabilities and net assets	<u>\$ 3,323,858</u>	<u>\$ 2,610,506</u>

The accompanying notes are an integral part of these statements

**FAMILY ASSISTANCE PROGRAM
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Governmental grants and contracts	\$ 5,558,536	\$ 1,176,638	\$ 6,735,174
Contributions, grants and bequests	71,483	-	71,483
Contributions in kind	102,108		102,108
Other income	146		146
Fundraising	-	-	-
Net assets released from restrictions	793,311	(793,311)	-
	<u>6,525,584</u>	<u>383,327</u>	<u>6,908,911</u>
EXPENSES			
Family assistance	5,258,042	-	5,258,042
Supporting services:			
Management and general	1,131,948	-	1,131,948
	<u>1,131,948</u>	<u>-</u>	<u>1,131,948</u>
	<u>6,389,990</u>	<u>-</u>	<u>6,389,990</u>
Change in net assets	135,594	383,327	518,921
Net assets, beginning of year	772,938	426,143	1,199,081
Net assets, end of year	<u>\$ 908,532</u>	<u>\$ 809,470</u>	<u>\$ 1,718,002</u>

The accompanying notes are an integral part of these statements

**FAMILY ASSISTANCE PROGRAM
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Governmental grants and contracts	\$ 4,885,701	\$ 59,463	\$ 4,945,164
Contributions, grants and bequests	494,497	366,680	861,177
Contributions in kind	75,877		75,877
Investment returns	65	-	65
Other income	3,238	-	3,238
Fundraising	19,649	-	19,649
	<u>5,479,027</u>	<u>426,143</u>	<u>5,905,170</u>
EXPENSES			
Family assistance	4,604,152	-	4,604,152
Supporting services:			
Management and general	791,582	-	791,582
Fundraising	31,737	-	31,737
	<u>823,319</u>	<u>-</u>	<u>823,319</u>
	<u>5,427,471</u>	<u>-</u>	<u>5,427,471</u>
Change in net assets	51,556	426,143	477,699
Net assets, beginning of year	<u>721,382</u>	<u>-</u>	<u>721,382</u>
Net assets, end of year	<u>\$ 772,938</u>	<u>\$ 426,143</u>	<u>\$ 1,199,081</u>

The accompanying notes are an integral part of these statements

**FAMILY ASSISTANCE PROGRAM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Employee compensation:				
Salaries	\$ 2,667,113	\$ 636,517	\$ -	\$ 3,303,630
Payroll taxes	163,931	89,666	-	253,597
Workers Comp	80,272	42,980	-	123,252
Employee Benefits	<u>129,288</u>	<u>86,251</u>	<u>-</u>	<u>215,539</u>
Total Salaries and related expenses	3,040,604	855,414	-	3,896,018
Other expenses:				
Advertising and Promotions	31,327	12,708	-	44,035
Auto Expense	14,441	1,280	-	15,721
Bank fees	92	5,707	-	5,799
Client Expenses	893,086	-	-	893,086
Depreciation and amortization	35,326	15,140	-	50,466
Insurance	52,357	27,046	-	79,403
Interest expense	-	54,344	-	54,344
Office expenses	161,253	8,229	-	169,482
Professional Fees	11,278	102,766	-	114,044
Property expenses	681,963	33,759	-	715,722
Telephone and utilities	214,032	9,555	-	223,587
Travel and training	<u>122,283</u>	<u>6,000</u>	<u>-</u>	<u>128,283</u>
Total expenses	<u>\$ 5,258,042</u>	<u>\$ 1,131,948</u>	<u>\$ -</u>	<u>\$ 6,389,990</u>

The accompanying notes are an integral part of these statements

**FAMILY ASSISTANCE PROGRAM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Employee compensation:				
Salaries	\$ 2,217,634	\$ 530,082	\$ 13,391	\$ 2,761,107
Payroll taxes	162,293	37,079	985	200,357
Workers Comp	115,967	20,327	146	136,440
Employee Benefits	140,927	30,932	-	171,859
Total Salaries and related expenses	<u>2,636,821</u>	<u>618,420</u>	<u>14,522</u>	<u>3,269,763</u>
Other expenses:				
Advertising and Promotions	34,401	-	17,215	51,616
Auto Expense	15,054	-	-	15,054
Bank fees	-	3,611	-	3,611
Client Expenses	1,115,867	-	-	1,115,867
Depreciation and amortization	36,118	15,479	-	51,597
Insurance	19,671	8,090	-	27,761
Interest expense	33,237	38,773	-	72,010
Office expenses	46,021	48,295	-	94,316
Professional Fees	13,423	16,440	-	29,863
Property expenses	412,927	-	-	412,927
Telephone and utilities	120,384	32,798	-	153,182
Travel and training	120,228	9,676	-	129,904
Total expenses	<u>\$ 4,604,152</u>	<u>\$ 791,582</u>	<u>\$ 31,737</u>	<u>\$ 5,427,471</u>

The accompanying notes are an integral part of these statements

**FAMILY ASSISTANCE PROGRAM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 518,921	\$ 477,699
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	46,967	51,597
Amortization	3,909	
Forgiveness of note principal	(190,390)	(419,831)
Decrease (increase) in grants receivable	(516,888)	188,758
Decrease (increase) in prepaids	(3,296)	(13,704)
Decrease (increase) in escrow costs	(2,025)	
(Increase) decrease in security deposits	(5,130)	(2,225)
Increase (decrease) in accounts payable	17,406	536
Increase (decrease) in accrued expenses	20,066	78,538
	<u>(110,460)</u>	<u>361,368</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(611,800)</u>	<u>(39,740)</u>
	<u>(611,800)</u>	<u>(39,740)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments from long-term debt	(192,651)	(350,158)
Borrowings on long-term debt	<u>540,000</u>	<u>732,017</u>
	<u>347,349</u>	<u>381,859</u>
	(374,911)	703,487
Cash and cash equivalents, beginning of year	<u>1,016,665</u>	<u>313,178</u>
Cash and cash equivalents, end of year	<u>\$ 641,754</u>	<u>\$ 1,016,665</u>
	<u>\$ 54,344</u>	<u>\$ 72,010</u>

The accompanying notes are an integral part of these statements

Family Assistance Program

NOTES TO FINANCIAL STATEMENTS

Note 1 – Description of the Organization

Family Assistance Program, is a nonprofit organization. Prior to June 2011, the Organization's name was High Desert Domestic Violence, Inc. The state approved the name change and the articles of incorporation were amended for the change. The Organization provides a temporary "live-in" shelter, called Hope House, for victims of domestic violence residing in the Victor Valley area. The Organization operates a runaway youth shelter in the city of Redlands that is called Our House. They have a transitional house in Victorville and two transitional houses in the city of San Bernardino that are part of the probation program. They operate a multi-residential housing unit in the town of Apple Valley to provide affordable rent to households earning equal to or less than fifty percent of the federal poverty level. They also have an office in the City of San Bernardino for the Open Door program that provides assistance to victims of human trafficking in the County of San Bernardino. Food, clothing, counseling, transportation, and education are also provided at the domestic violence and runaway youth shelter locations.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation –The financial statements of Family Assistance Program have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Family Assistance Program to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Family Assistance Program's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Family Assistance Program or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations – The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Family Assistance Program's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Family Assistance Program

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and cash equivalents – Family Assistance Program's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Concentrations of credit risk – Financial instruments that potentially subject Family Assistance Program to concentrations of credit risk consist principally of cash and cash equivalents and investments. Family Assistance Program maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Family Assistance Program's cash and cash equivalent accounts have been placed with high credit quality financial institutions. Family Assistance Program has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments – Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Family Assistance Program groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Fair value measurements (continued)

- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - *Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Family Assistance Program

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Accounts Receivable

Grants and contracts receivable are stated at the amounts allowable under the terms of their current contracts. An allowance for doubtful accounts is not recorded as the organization expects to receive the full amount of the receivables.

Property and equipment, net – Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from five to twenty-five years. Family Assistance Program's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred. Family Assistance Program's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Loan Fees

Loan origination fees and refinancing costs incurred in the origination of the Organization's mortgage are amortized over the term of the related debt.

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-kind donations –Volunteers have made significant contributions of their time in furtherance of Family Assistance Program's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Family Assistance Program

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Functional expenses –The Statement of Activities reports expenses by both natural and functional classification. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Salaries and related expenses are allocated among the program, general and administrative, and

fundraising categories based upon the estimated time expended by the employees in those categories.

*Other expenses are allocated according to management’s estimates or on a direct basis.

Advertising

Advertising is expensed as incurred. Advertising for the year ended June 30, 2021 and 2020 was \$ 44,035 and \$51,616, respectively.

Income taxes –Family Assistance Program is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Family Assistance Program has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Family Assistance Program has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of estimates – The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 3 – Availability and Liquidity

The following represents Family Assistance Program’s financial assets at June 30, 2021 and 2020:

Financial assets at year end:	2021	2020
Cash and cash equivalents	\$ 641,754	\$ 1,016,665
Grants and contracts receivable	911,237	394,349
Total financial assets	1,552,991	1,411,014
Less amounts not available to be used within one year:		
Net assets with donor restrictions	809,470	426,143
Financial assets available to meet general expenditures over the next twelve months	\$ 743,521	\$ 984,871

Family Assistance Program

NOTES TO FINANCIAL STATEMENTS

Note 4 – Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Checking accounts	303,866	84,477
Savings accounts	<u>337,888</u>	<u>932,188</u>
Total cash and equivalents	<u>\$ 641,754</u>	<u>\$ 1,016,665</u>

Custodial credit risk is the risk that in the event of bank failure, the Organization’s deposits may not be returned to it. FDIC protects deposit amounts up to \$250,000 per institution. As of June 30, 2021 and June 30, 2020, the Organization’s bank balances did not exceed the FDIC protection limit.

Note 5 – Grants and Contracts Receivable

Grants and contracts receivable at June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Calico	\$ 34,597	\$ -
California Department of Education	8,091	6,535
California GO-Biz	2,104	-
California Office of Emergency Services	671,803	272,172
California Partnership to End Domestic Violence	38,000	-
Community Development Block Grants	1,786	7,000
Journey Out	2,560	-
Local Initiatives Support Corporation	4,807	-
Office for Victims of Crime	20,899	36,064
Presley	7,000	3,500
San Bernardino County, CalWorks	61,654	21,908
San Bernardino County, CFS	24,510	15,210
San Bernardino County, Probation Department	<u>33,426</u>	<u>31,960</u>
Total	<u>\$ 911,237</u>	<u>\$ 394,349</u>

Family Assistance Program

NOTES TO FINANCIAL STATEMENTS

Note 6 –Property and equipment

The following provides a summary of changes in capital assets for the years ended June 30, 2021 and 2020:

	2021	2020
Building	\$ 1,570,449	\$ 1,030,449
Land	296,637	296,637
Building improvements	155,765	120,060
Furniture and equipment	32,391	32,391
Automobiles	142,778	106,683
	<hr/>	<hr/>
Subtotal	2,198,020	1,586,220
Less accumulated depreciation	(512,549)	(465,582)
	<hr/>	<hr/>
Total property and equipment, net	\$ 1,685,471	\$ 1,120,638

Depreciation expense for the years ended June 30, 2021 and 2020 was \$50,876 and \$51,597 respectively.

Note 7 –Revolving line of credit

In February, 2019, the Organization secured a revolving credit agreement with a financial institution, which provides it may borrow up to \$300,000 at prime rate plus 1.25%. The note is secured by substantially all of the assets of the Organization. \$0 had been borrowed on the revolving credit note as of June 30, 2021. The revolving credit note expires May 2021.

Note 8 –Mortgages and notes payable

The Organization owns a building in Mentone, California and a building in Victorville, California. The buildings are financed via a secured mortgage on both buildings obtained from Self-Help Credit Union. The mortgage is payable in monthly installments of \$8,471, including interest at 6.35%. All remaining principal and interest is due in June, 2032.

The Organization also owns a building in Apple Valley, California. The building is financed via a secured mortgage obtained from the Town of Apple Valley. The mortgage term is 15 years, bears interest at 0%, with no payments required over the life of the loan. Each April, 1/15th of the original loan balance will be forgiven if the Organization meets all loan covenants.

The Organization intends to meet all loan covenants, therefore, the Organization recognized income without restriction for the principal and interest amount of \$14,052 for the year ended June 30, 2021.

In April, 2020, the Organization borrowed \$732,117 through COVID-19 programs that were sponsored by the United States and administered by the Small Business Administration (the “SBA”). The most notable programs were the Paycheck Protection Program (or “PPP”) and the Economic Injury Disaster Loan program (or “EIDL”). The Organization’s PPP loan, \$582,117, has a two-year term and bears interest at

Family Assistance Program

NOTES TO FINANCIAL STATEMENTS

Note 8 –Mortgages and notes payable (continued)

1% per annum. Under the PPP, the Organization can be granted forgiveness for all or a portion of these loans based on the Organization’s spending on payroll, mortgage interest, rent and utilities. The Organization’s EIDL loan, \$150,000, accrues interest at 2.75% and requires monthly payments of \$641 for principal and interest beginning in June, 2021. The balance of the principal will be due in 30 years. In connection with the EIDL loan, the Organization entered into a security agreement with the SBA, whereby the Organization granted the SBA a security interest in all of the Company’s right, title and interest in all of the Organization’s assets.

In June, 2021, the Organization’s PPP loan of \$582,117 was forgiven in its entirety.

In May, 2021 the Organization purchased a building in Victorville, California. The building is financed via a secured mortgage on the building obtained from the Tate Family Trust. The mortgage is payable in full with interest at 5%, in May, 2022. In August, 2021 this loan was paid in full in connection with a refinance of the building’s mortgage.

Required principal payments (**if not forgiven**) are as follows for future years ending June 30:

	<u>Self-Help</u>	<u>Town of Apple Valley</u>	<u>EID</u>	<u>Tate Family Trust</u>	<u>Total</u>
2022	\$ 51,405	\$ 14,052	\$ 66	\$ 400,000	\$ 465,523
2023	54,813	14,052	3,784	-	72,649
2024	58,330	70,262	3,890	-	132,482
2025	62,317	-	3,998	-	66,315
2026	66,450	-	4,110	-	70,560
Thereafter	<u>510,341</u>	<u>-</u>	<u>130,487</u>	<u>-</u>	<u>640,828</u>
	<u>\$ 803,656</u>	<u>\$ 98,366</u>	<u>\$ 146,335</u>	<u>\$ 400,000</u>	<u>\$ 1,448,357</u>

Note 9 –Capital Lease

The Organization owns a 2015 Dodge Journey Van used by the domestic violence shelter. The auto is financed via a capital lease obtained from Ally Financial. The capital lease is payable in monthly installments of \$450, including principal and interest at 9.83%. The lease is secured by the vehicle.

Required future minimum payments are as follows for future years ending June 30:

2022	<u><u>\$ 662</u></u>
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Family Assistance Program

NOTES TO FINANCIAL STATEMENTS

Note 10 – Rental Agreements

The Organization leases properties throughout San Bernardino, California for transitional houses, youth shelters, and office space. The leases expire at various times through June, 2025.

The following is a schedule by years of future minimum payments required under the leases as of June 30, 2021.

2022	\$ 323,879
2023	154,434
2024	45,233
2024	27,900
2025	27,900
	\$ 579,347

Note 11 – Net Assets

Net assets without donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Undesignated	\$ 908,532	\$ 772,938

Note 12 – Commitments and Contingencies

Litigation

The Organization is involved in several matters that are in litigation and is aware of several claims of potential litigation. However, the Organization believes that the final resolution of these matters will not have a materially adverse effect on the financial position of the district due to the strength of its defenses to these matters, budgeted amounts/reserves, and the existence of adequate insurance.

Grants

The Organization receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Organization management believes disallowances, if any, will be immaterial.

Note 13 – Subsequent Events

In August 2021, the Organization refinanced the remaining \$400,000 mortgage payable to the Tate Family Trust with a new, \$405,000 mortgage loan payable to Self-Help Credit Union. The loan is payable over 15 years in monthly installments, including principal and interest at 5%.

SUPPLEMENTARY INFORMATION

**Family Assistance Program
Schedule of Expenditures of Federal Awards
for the year ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through the Town of Apple Valley			
Community Development Block Grant	14.218	B-18-MC-06-0588	\$ 9,900
Passed through the City of Victorville			
Community Development Block Grant	14.218	CDBG 18-02	20,900
Total U.S. Department of Housing and Urban Development			\$ 30,800
U.S. Department of Health and Human Services			
Admin on Children, Youth & Families (Street Out Program)	93.557		\$ 175,000
Admin on Children, Youth & Families (Runaway Shelter)	93.623		484,000
Passed through the State of California			
Cal OES Family Violence Prevention and Services Act	93.671	DV19-11-8632	21,724
Passed through the County of San Bernardino			
CalWORKS/DV Intervention and Shelter Services	93.558	15-308	334,475
Services			\$ 1,015,199
U.S. Department of Homeland Security			
Emergency Food & Shelter Program	97.024		\$ 36,904
Total U.S. Department of Homeland Security			\$ 36,904
U.S. Department of the Treasury			
Emergency Rental Assistance Program	21.023		\$ 26,096
Total U.S. Department of the Treasury			\$ 26,096
U.S. Department of Agriculture			
Passed through the California Department of Education			
Child and Adult Care Food Program	10.558	05184-CACFP-36-NP-CS	\$ 61,855
Total U.S. Department of Agriculture			\$ 61,855
U.S. Department of Justice			
Office of Victims of Crimes	16.320	*	\$ 141,604
Passed through the State of California			
Victims of Crime Act [1]	16.575	*	1,581,020
Total U.S. Department of Labor			\$ 1,722,624
Total Federal Expenditures			\$ 2,893,478

[1]: Major Program

*Passthrough Identifying number not available

See the accompanying notes to the supplementary information

Family Assistance Program

Notes to Schedule of Expenditures of Federal Awards

for the year ended June 30, 2021

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2020. 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Loan

The Organization entered into an Affordable Housing Agreement with the Town of Apple Valley dated April 30, 2013. The Town of Apple Valley received federal funds from United States Department of Housing and Urban Development under the Neighborhood Stabilization Program to acquire and rehabilitate for resale, abandoned and foreclosed upon homes and residential properties. The Organization borrowed funds from the Town in the amount of \$210,785 to acquire and rehabilitate a four-unit multi-family dwelling located at 16022 Sago Road, in Apple Valley, California.

Under the terms of the agreement, the Organization will utilize the property to provide transitional housing (up to 18 months or less) for battered women at affordable rent to households earnings annually in increments of 1/15 of the gross amount on April 30 of each year starting in 2014. Each April 30, the loan will be reduced by \$14,052 per terms of the agreement if all conditions are met. On April 30, 2021, the eighth reduction of principal was applied.

Loan payable at June 30, 2021, consisted of the following:

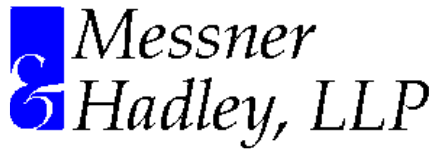
Unless forgiven or extended, the remaining (if any) balance on the loan payable to the Town of Apple Valley will be due in the form of a balloon payment of principal plus accrued interest is due March, 2024. The loan is secured by a deed of trust on the property. Loan payable for the year ended June 30, 2021 is \$98,366.

Family Assistance Program
Notes to Schedule of Expenditures of Federal Awards
for the year ended June 30, 2021 (continued)

Note 3 - Loan (continued)

Required principal payments are as follows for future years ending June 30:

Year Ended June 30,		
2022	\$	14,052
2023		14,052
2024		<u>70,262</u>
	\$	<u><u>98,366</u></u>



Paul S. Messner, CPA
Cindra J. Hadley, CPA
James M. Quinn, CPA, CFE

Certified Public Accountants

**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**

Board of Directors
Family Assistance Program
Victorville, 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 Family Assistance Program (a California Nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related 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 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Assistance Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Assistance Program's internal control. Accordingly, we do not express an opinion on the effectiveness of Family Assistance Program'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 District's 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 weakness. However, material weaknesses may exist that have not been identified.

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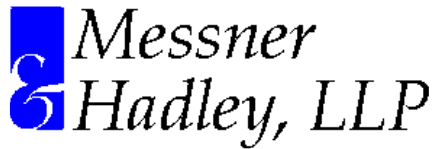
have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 report 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.

Messner & Hadley, LLP.

Messner & Hadley, LLP
Certified Public Accountants
Apple Valley, California
December 23, 2021



Paul S. Messner, CPA
Cindra J. Hadley, CPA
James M. Quinn, CPA, CFE

Certified Public Accountants

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

Board of Directors
Family Assistance Program
Victorville, California

Report on Compliance for Each Major Federal Program

We have audited Family Assistance Program's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Family Assistance Program's major federal programs for the year ended June 30, 2021. Family Assistance Program's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Family Assistance Program'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 Family Assistance Program'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 my opinion on compliance for each major federal program. However, our audit does not provide a legal determination Family Assistance Program's compliance.

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Report on Internal Control Over Compliance

Management of Family Assistance Program 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 Family Assistance Program'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 Organization'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 a 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 weaknesses 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, as defined above. 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.

Messner & Hadley, LLP.

Messner & Hadley, LLP
Certified Public Accountants
Apple Valley, California
December 23, 2021

**Family Assistance Program
 Schedule of Audit Findings and Questioned Costs
 for the year ended June 30, 2021**

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>16.575</u>	Crime Victim Assistance

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

Family Assistance Program
Schedule of Audit Findings and Questioned Costs
for the year ended June 30, 2021

FINDINGS-FINANCIAL STATEMENT AUDIT

None

FINDINGS-FEDERAL AWARD AUDIT

None

Family Assistance Program
Schedule of Prior Year Audit Findings and Questioned Costs
for the year ended June 30, 2020

FINDINGS-FINANCIAL STATEMENT AUDIT

None

FINDINGS-FEDERAL AWARD AUDIT

None