

**EMPOWER YOLO, INC.**

Independent Auditor's Report,  
Financial Statements and  
Supplementary Information

Year Ended June 30, 2017

**EMPOWER YOLO, INC.**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Empower Yolo, Inc.  
Woodland, CA

We have audited the accompanying financial statements of Empower Yolo, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Empower Yolo, Inc. as of June 30, 2017, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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 May 8, 2018 on our consideration of Empower Yolo, Inc.'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 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 Empower Yolo, Inc.'s internal control over financial reporting and compliance.

*Fritzsche Associates, Inc.*

Certified Public Accountants  
Sacramento, CA  
May 8, 2018

**EMPOWER YOLO, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

**Assets**

Current assets:

Cash and equivalents	\$	43,627
Grants receivable		400,618
Other receivables		24,991
Prepaid expenses		5,130
Cash held as fiscal agent		16,811

Total current assets 491,177

Fixed assets, net 1,408,705

Total assets \$ 1,899,882

**Liabilities and Net Assets**

Current liabilities:

Accounts payable	\$	114,463
Accrued expenses		165,470
Deferred revenue		22,894
Deposits held as fiscal agent		16,811
Credit line		49,857
Current portion of notes payable		22,369

Total current liabilities 391,864

Long-term liabilities:

Notes payable, net of current portion 449,107

Total liabilities 840,971

Unrestricted net assets 1,058,911

Total liabilities and net assets \$ 1,899,882

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

**EMPOWER YOLO, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2017**

	Unrestricted
Support and revenue:	
Government grants	\$ 1,996,630
Foundation grants	118,351
Other grants	14,535
Contributions	206,056
Other revenue	109,463
Total support and revenue	2,445,035
Expenses:	
Program services:	
Resource centers	761,476
Shelter	454,755
Victim services	740,682
Youth programs	295,148
Total program services	2,252,061
Supporting services:	
Management and general	232,546
Development	54,579
Total supporting services	287,125
Total expenses	2,539,186
Change in net assets	(94,151)
Net assets, beginning of year	1,153,062
Net assets, end of year	\$ 1,058,911

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

**EMPOWER YOLO, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2017**

	Resource Centers	Shelter	Victim Services	Youth Programs	Total Program Services	Management and General	Development	Total
Salaries and wages	\$ 500,482	\$ 309,963	\$ 457,335	\$ 93,835	\$ 1,361,615	\$ 122,324	\$ 31,842	\$ 1,515,781
Employee benefits	57,701	35,736	52,727	10,818	156,982	14,103	3,671	174,756
Payroll taxes	45,211	28,000	41,313	8,477	123,001	11,050	2,876	136,927
Subtotal personnel	603,394	373,699	551,375	113,130	1,641,598	147,477	38,389	1,827,464
Advertising	388	-	-	-	388	4,381	463	5,232
Auto and travel	5,558	2,500	5,526	1,573	15,157	3,936	-	19,093
Bank and payroll fees	-	-	-	-	-	3,788	-	3,788
Conferences and meetings	-	-	-	-	-	3,167	-	3,167
Depreciation	16,833	52,344	14,084	-	83,261	1,418	731	85,410
Dues and subscriptions	-	-	25	-	25	1,053	-	1,078
Equipment purchases	173	-	12,051	50	12,274	-	-	12,274
Insurance	4,628	-	12,806	3,112	20,546	743	-	21,289
Interest expense	-	5,889	215	-	6,104	13,384	-	19,488
Miscellaneous	1,865	1,155	1,705	350	5,075	456	119	5,650
Occupancy	-	-	4,537	-	4,537	-	-	4,537
Office supplies	2,975	-	4,535	2,022	9,532	622	-	10,154
Outside services	-	-	-	-	-	-	12,054	12,054
Partner agencies	15,298	-	-	141,487	156,785	-	-	156,785
Postage	50	114	685	520	1,369	399	-	1,768
Printing	2,974	-	6,324	1,541	10,839	157	-	10,996
Professional fees	2,210	-	37,262	-	39,472	29,521	195	69,188
Program expenses	79,720	1,350	10,086	11,329	102,485	344	98	102,927
Repairs and maintenance	3,814	7,080	21,033	2,540	34,467	771	-	35,238
Software	4,451	-	18,621	3,637	26,709	4,922	127	31,758
Staff development	429	-	1,322	388	2,139	1,589	-	3,728
Telephone	7,090	1,404	14,919	3,253	26,666	4,848	808	32,323
Utilities	9,626	9,220	23,571	10,216	52,633	9,570	1,595	63,797
Total expenses	<u>\$ 761,476</u>	<u>\$ 454,755</u>	<u>\$ 740,682</u>	<u>\$ 295,148</u>	<u>2,252,061</u>	<u>\$ 232,546</u>	<u>\$ 54,579</u>	<u>\$ 2,539,186</u>

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

**EMPOWER YOLO, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2017**

Change in net assets	\$ (94,151)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	85,410
Decrease in grants receivable	19,231
Decrease in prepaid expenses	6,204
Decrease in accounts payable	(34,579)
Increase in accrued expenses	5,810
Increase in deferred revenue	<u>9,508</u>
Net cash used in operating activities	<u>(2,567)</u>
Cash flows from investing activities:	
Cash paid for fixed assets	(11,439)
Net proceeds from sales of investments	<u>18,884</u>
Net cash provided by investing activities	<u>7,445</u>
Cash flows from financing activities:	
Net repayments on revolving line of credit	(143)
Principal payments on note payable	<u>(20,773)</u>
Net cash used in financing activities	<u>(20,916)</u>
Net decrease in cash	(16,038)
Cash and equivalents, beginning of year	<u>59,665</u>
Cash and equivalents, end of year	<u><u>\$ 43,627</u></u>
Supplemental information:	
Cash paid for interest	<u><u>\$ 19,488</u></u>

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

**EMPOWER YOLO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

**NOTE A – NATURE OF ORGANIZATION**

Empower Yolo, Inc. (Empower Yolo), a nonprofit public benefit corporation, is organized under the laws of the State of California for the purpose of providing services to victims and families experiencing violence. The goal of the Empower Yolo’s client services is to limit and reduce victim trauma and promote recovery. The goal of the community education is to reduce and prevent family violence and sexual assault and to challenge and dispel myths that condone and perpetuate interpersonal violence in the community.

Program services include aid to victims of domestic violence, sexual assault, stalking, trafficking and child abuse. Domestic violence assistance and sexual assault assistance includes crisis intervention, emergency response services, in-person counseling for major life change, abuser treatment, shelter, legal advocacy and community education.

Empower Yolo’s primary sources of revenue are government grants and program fees.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting

The financial statements of Empower Yolo have been prepared on the accrual basis of accounting. Thus, revenues are reported in the year earned rather than when collected, and expenses are reported in the year incurred rather than when paid.

Basis of Presentation

Empower Yolo reports information regarding financial position and activities according to three classes of net assets: unrestricted net asset, temporarily restricted net assets, and permanently restricted net assets.

**Unrestricted net assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Center and/or the passage of time. Empower Yolo had no temporarily restricted net assets at June 30, 2017.

**Permanently restricted net assets** – Net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities as designated by donors. Empower Yolo had no permanently restricted net assets at June 30, 2017.

**EMPOWER YOLO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation (continued)

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.

Revenue Recognition

Revenue from government contracts is recognized to the extent of incurred expenses, up to the grant or contract ceiling. Revenue from program service activities are recognized when the service is provided. Revenue received in advance is deferred until earned.

Contributed Services

Empower Yolo receives donated services from volunteers that assist in the program, leadership, committees, and fund-raising activities. The value of this donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition as a contribution.

Allowance for Doubtful Accounts

No provision has been made for uncollectible accounts, as management considers all receivables to be currently collectible. Uncollectible accounts are expensed on an individual basis when they are deemed to no longer be collectible.

Fixed Assets

Acquisitions of fixed assets in excess of \$2,000 are capitalized and stated at cost. Donated fixed assets are reported at fair value at the date of the gift. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**EMPOWER YOLO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Income Tax Status

Empower Yolo, Inc. is exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and related California code sections. The organization is considered a public charity and has been classified as an organization that is not a private foundation under IRC Section 509(a)(2).

Management has evaluated the tax positions and related income tax contingencies. Management does not believe that any material uncertain tax positions exist.

Advertising Costs

All advertising costs are expensed as incurred.

Functional Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Indirect costs are allocated among program and supporting services based on personnel, space and other factors.

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

**NOTE C – CONCENTRATIONS**

The California Department of Education and the Governor's Office of Emergency Services combined to provide 62% of the support and revenue recognized for the year ended June 30, 2017. In addition, 75% of grants receivable at June 30, 2017 were due from these two entities. Operation of Empower Yolo's programs is largely dependent on the continued support of these funding sources.

**EMPOWER YOLO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

**NOTE D – FIXED ASSETS**

Fixed assets consisted of the following as of June 30, 2017:

Buildings	\$ 1,003,823
Land	823,830
Improvements	576,163
Furniture and equipment	<u>272,110</u>
 Subtotal	 2,675,926
Less: accumulated depreciation	<u>(1,267,221)</u>
 Total fixed assets	 <u>\$ 1,408,705</u>

Depreciation expense was \$85,410 for the year ended June 30, 2017.

**NOTE E – CREDIT LINE**

Empower Yolo has a credit line of \$50,000 with Umpqua Bank. The credit line is unsecured and carries a variable interest rate (5.25% at June 30, 2017). The outstanding balance on the credit line was \$49,857 at June 30, 2017.

**NOTE F – LONG-TERM DEBT**

Long-term debt consists of the following at June 30, 2017:

Note payable to a bank, secured by a deed of trust on real property, payable in monthly installments of principal and interest of \$2,881, including interest at 6% per annum. The note is due February 5, 2025.	\$ 211,476
 Note payable to the City of Davis, secured in second position by real property owned in Davis, California. No monthly payments are due unless and until the property ceases to be used as a shelter for victims of sexual assault and domestic violence. If property ceases to be used as agreed or upon default, the City shall be entitled, at its option, to \$260,000 principal plus accrued interest at a rate equal to the lower of (a) 3% over the prime rate as of the date of the default or (b) the highest rate of interest allowed by law.	          260,000
Less: current portion	<u>(22,369)</u>
 Total long-term debt	 <u>\$ 449,107</u>

**EMPOWER YOLO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

**NOTE F – LONG-TERM DEBT (continued)**

Required payments of principal on the long-term note payable at June 30, 2017, including current maturities, are summarized as follows:

2018	\$ 22,369
2019	23,766
2020	25,250
2021	26,826
2022	28,501
Thereafter	<u>84,764</u>
Total	<u>\$ 211,476</u>

**NOTE G – COMMITMENTS**

Empower Yolo leases office equipment under a non-cancellable operating lease which expires in 2022. The following is a schedule of future minimum rental payments required under the above operating lease for years ending June 30:

2018	\$ 7,200
2019	7,200
2020	7,200
2021	7,200
2022	<u>7,200</u>
Total future minimum rental payments	<u>\$ 36,000</u>

Rental expense for the year ended June 30, 2017 was \$15,532.

**NOTE H – CASH HELD AS FISCAL AGENT**

Empower Yolo acts as fiscal agent for a local non-profit organization by collecting, holding and disbursing funds as authorized by the organization and on their behalf. Empower Yolo does not recognize any revenue or expense from the execution of these transactions. Cash held as fiscal agent was \$16,811 at June 30, 2017.

**EMPOWER YOLO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2017**

**NOTE I – RETIREMENT PLAN**

Empower Yolo sponsors a defined contribution plan that covers regular full-time employees with at least one year of service who desire to participate. The plan allows eligible employees to contribute up to a maximum amount allowed under IRS Section 403(b), and Empower Yolo will make matching contributions up to 3% of participants' compensation. Employer contributions are subject to a vesting schedule that begins at 20% after one year of service and increases 20% each year thereafter until fully vested upon five years of service. The total employer contributions were \$17,514 for the year ended June 30, 2017.

**NOTE J – CONTINGENCIES**

Empower Yolo has been awarded certain grants and contracts and is subject to financial and compliance requirements of the grantors or their representatives. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although management does not expect such amounts, if any, to materially affect the financial statements.

**NOTE K – SUBSEQUENT EVENTS**

The management of Empower Yolo has reviewed the results of operations for the period of time from its year end June 30, 2017 through May 8, 2018, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

**SUPPLEMENTARY INFORMATION**

**EMPOWER YOLO, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Education</b>				
<b>Passed through State of California Department of Education</b>				
After School Learning Centers Formula Award - Core	84.287	15 14535 Z619 9A	\$ 28,250	\$ 98,225
After School Learning Centers Formula Award - Equitable	84.287	15 14603 Z619 9A	-	13,358
After School Learning Centers Formula Award - Literacy	84.287	15 14604 Z619 9A	-	10,773
After School Learning Centers Formula Award - Core	84.287	16 9A	86,666	269,962
After School Learning Centers Formula Award - Equitable	84.287	16 9A	-	35,217
After School Learning Centers Formula Award - Literacy	84.287	16 9A	-	21,619
<b>Total U.S. Department of Education</b>			<u>114,916</u>	<u>449,154</u>
<b>U.S. Department of Housing and Urban Development</b>				
<b>Passed through CA Department of Housing and Community Development</b>				
Emergency Solutions Grant	14.231	14-ESG-10232	-	43,491
Community Services Block Grant	14.231	16-ESG-11079	-	76,111
<b>Total U.S. Department of Housing and Urban Development</b>			<u>-</u>	<u>119,602</u>
<b>U.S. Department of Justice</b>				
<b>Passed through Governor's Office of Emergency Services</b>				
Child Abuse Treatment	16.575	AT 15 01 1034	-	58,765
Child Abuse Treatment	16.575	AT 16 02 1034	-	141,304
Domestic Violence Assistance Program	16.575	DV 16 13 1034	-	543,920
Rape Crisis Program	16.575	RC 15 35 1034	-	62,028
Rape Crisis Program	16.575	RC 16 36 1034	-	200,554
Transitional Housing	16.575	XH 16 01 1034	-	62,916
<b>Total U.S. Department of Justice</b>			<u>-</u>	<u>1,069,487</u>
<b>U.S. Department of Health and Human Services</b>				
<b>Passed through the County of Yolo</b>				
Community Development Block Grant - Woodland Constr.	93.569	n/a	-	3,000
Community Development Block Grant - Woodland Shelter	93.569	n/a	-	8,463
Community Development Block Grant - Davis Shelter	93.569	n/a	-	7,000
Community Development Block Grant - Davis D Street	93.569	n/a	-	5,909
<b>Total U.S. Department of Health and Human Services</b>			<u>-</u>	<u>24,372</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 114,916</u>	<u>\$ 1,662,615</u>

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

**EMPOWER YOLO, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2017**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Empower Yolo under programs of the federal government for the year ended June 30, 2017. The information in the 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 Empower Yolo, it is not intended to and does not present the financial position, changes in net assets or cash flows of the organization for the year then ended.

**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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 – INDIRECT COST RATE**

Empower Yolo has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**EMPOWER YOLO, INC.**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE CALIFORNIA GOVERNOR'S OFFICE OF EMERGENCY SERVICES GRANTS**  
**YEAR ENDED JUNE 30, 2017**

	<u>DV 16 13 1034</u>	<u>RC 16 36 1034</u>	<u>RC 15 35 1034</u>	<u>AT 16 02 1034</u>	<u>AT 15 01 1034</u>	<u>XH 16 01 1034</u>
Revenue	\$ 543,920	\$ 200,554	\$ 62,028	\$ 141,304	\$ 58,765	\$ 62,916
Expenses:						
Personnel expenses	496,257	177,443	48,136	129,421	53,047	48,795
Operating expenses	60,262	30,285	13,892	40,267	29,043	26,604
In-kind match	(12,599)	(7,174)	-	(28,384)	(23,325)	(12,483)
Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>543,920</u>	<u>200,554</u>	<u>62,028</u>	<u>141,304</u>	<u>58,765</u>	<u>62,916</u>
Excess of expenses (over) under revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accountant's report

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

To the Board of Directors of  
Empower Yolo, Inc.  
Woodland, CA

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 Empower Yolo, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 8, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Empower Yolo, Inc.’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 do not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Findings 2017-1 and 2017-2 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Empower Yolo, Inc.'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as Findings 2017-1 and 2017-2.

## **Organization's Response to Findings**

Empower Yolo Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 Empower Yolo Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Fritzsche Associates, Inc.*

Certified Public Accountants  
Sacramento, CA  
May 8, 2018

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of  
Empower Yolo, Inc.  
Woodland, CA

**Report on Compliance for Each Major Federal Program**

We have audited Empower Yolo, Inc.’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 the Organization’s major federal programs for the year ended June 30, 2017. The Organization’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 the requirements of 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 Empower Yolo, Inc.’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 Organization’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 ABC Organization’s compliance.

***Basis for Qualified Opinion on Department of Justice CFDA #16.575***

As described in the accompanying schedule of findings and questioned costs, Empower Yolo, Inc. did not comply with requirements regarding Department of Justice CFDA #16.575 as described in

Findings 2017-1 and 2017-2, for Allowable Costs/Cost Principles and Reporting. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program.

### ***Qualified Opinion on Department of Justice CDFA #16.575***

In our opinion, except for the noncompliance described in the “Basis for Qualified Opinion” paragraph, Empower Yolo, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Department of Justice CDFA #16.575 for the year ended June 30, 2017.

### ***Other Matters***

Empower Yolo’s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization’s response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Empower Yolo, Inc. 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 Organization’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 Empower Yolo, Inc.’s internal control over compliance.

*A deficiency in internal control over compliance* 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 in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material non-compliance 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, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Findings 2017-1 and 2017-2 that we consider to be significant deficiencies.

Empower Yolo, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Fritzsche Associates, Inc.*

Certified Public Accountants

Sacramento, CA

May 8, 2018

**EMPOWER YOLO, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   No  
None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

*Federal Awards*

Internal Control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified that are not considered material weaknesses? \_\_\_\_\_ Yes   X   No  
None reported

Type of auditor’s report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance \_\_\_\_\_ Yes   X   No  
None reported

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.575	Child Abuse Treatment
16.575	Domestic Violence Assistance Program
16.575	Rape Crisis Program

Dollar threshold used to distinguish between type A and type B programs:   \$750,000  

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

**EMPOWER YOLO, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2017-1: ALLOWABLE COSTS - VICTIMS OF CRIME ACT, CFDA# 16.575,  
PASSED THROUGH CALIFORNIA OFFICE OF EMERGENCY SERVICES**

Criteria:

Budget estimates (estimates determined before the services were performed) do not qualify as support for charges to federal awards (CFR 200.430(8)(viii)).

Condition:

Our testing showed that payroll tax, employee benefit and operating costs were allocated to federal awards based on budgeted amounts.

Questioned costs:

Not determined.

Context:

We noted that budget estimates were not used to support charges to federal awards after February 2017.

Effect:

Non-compliance with federal requirements can lead to substantial disallowed costs.

Cause:

Management and staff were not fully aware of the requirements for the allocation of costs charged to federal awards.

Recommendation:

Costs should be allocated to federal awards using an appropriate base, such as salary and wages.

**EMPOWER YOLO, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2017**

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2017-2: REPORTING - VICTIMS OF CRIME ACT, CFDA# 16.575,  
PASSED THROUGH CALIFORNIA OFFICE OF EMERGENCY SERVICES**

Criteria:

Expenditures reported to the funding source should be supported by the accounting records (Compliance Supplement 3.2-L-4).

Condition:

We were unable to trace expenditures reported on CAL-OES reimbursement claims to the general ledger for three of the six reimbursement claims selected for detailed testing.

Questioned costs:

None

Context:

Staff member(s) preparing the reports did not have previous experience preparing CAL-OES reimbursement claims.

Effect:

Non-compliance with federal requirements can lead to substantial disallowed costs or unrecoverable costs. We noted that approximately \$53,000 in costs charged in the general ledger to CAL-OES program were not included in CAL-OES reimbursement claims.

Cause:

In general, we noted that expenses were not tracked by contract/job during the year.

Recommendation:

All expenses incurred should be tracked by contract/job, and those amounts so allocated should form the basis for the billing to the various funding sources.

**EMPOWER YOLO, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2017**

**FINDING 2016-1**

STATUS: Largely corrected. See current year funding 2017-1

**FINDING 2016-2**

STATUS: Largely corrected. Two adjustments have been proposed for the current year audit.

**EMPOWER YOLO, INC.  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2017**

**FINDING 2017-1: ALLOWABLE COSTS - VICTIMS OF CRIME ACT, CFDA# 16.575,  
PASSED THROUGH CALIFORNIA OFFICE OF EMERGENCY SERVICES**

Effective February 2017, budget estimates are no longer used to allocate costs to federal programs.

**FINDING 2017-2: REPORTING - VICTIMS OF CRIME ACT, CFDA# 16.575,  
PASSED THROUGH CALIFORNIA OFFICE OF EMERGENCY SERVICES**

Management has contracted with an outside accountant who will reconcile grant billings on a monthly basis. Our Finance Director has attended two financial management workshops with Cal-OES in April and May of 2018.

Contact: Lynnette Irlmeier, Executive Director