

**Report of Independent Auditors
with Financial Statements and Supplementary Information**

**EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)**

Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Management of
Empower Yolo, Inc.
Woodland, California

We have audited the accompanying financial statements of Empower Yolo, Inc. (the Agency) (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2018, 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2018, 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 supplemental schedules as listed in the Table of Contents include the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Those schedules are presented for purposes of additional analysis and are 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 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 March 31, 2019, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California
March 31, 2019

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)
Statement of Financial Position
June 30, 2018

	<u>2018</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 85,100
Grant and contracts receivable	387,797
Contributions receivable	15,172
Prepaid expenses	<u>7,552</u>
Total current assets	495,621
FIXED ASSETS, NET	<u>1,366,479</u>
TOTAL ASSETS	<u><u>\$ 1,862,100</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable and other accrued expenses	\$ 140,708
Accrued payroll and related	188,277
Deferred revenue	149,440
Notes payable - current portion	<u>30,393</u>
Total current liabilities	508,818
LONG-TERM DEBT	<u>442,909</u>
Total liabilities	<u>951,727</u>
NET ASSETS:	
Without donor restrictions	799,374
With donor restrictions	<u>102,851</u>
Total net assets	<u>902,225</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,853,952</u></u>

See independent auditors' report and notes to the financial statements

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)

Statement of Activities
Year Ended June 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Government grants and contracts	\$ 1,822,018	\$ 504,384	\$ 2,326,402
Foundations and corporations	96,905	32,620	129,525
Other contributions	136,241	86,953	223,194
Fees for services	110,066	-	110,066
Reimbursements and other	4,037	-	4,037
Donated goods and services	180,753	-	180,753
Net assets released from restriction	<u>521,106</u>	<u>(521,106)</u>	<u>-</u>
 Total revenues and support	 <u>2,871,126</u>	 <u>102,851</u>	 <u>2,973,977</u>
 EXPENSES BY FUNCTION:			
Program services:			
Resource centers	696,543	-	696,543
Shelter	460,742	-	460,742
Victim services	1,119,544	-	1,119,544
Youth programs	<u>414,666</u>	<u>-</u>	<u>414,666</u>
Total program services	<u>2,691,495</u>	<u>-</u>	<u>2,691,495</u>
 Supporting services:			
Management and general	371,043	-	371,043
Development	<u>68,125</u>	<u>-</u>	<u>68,125</u>
Total supporting services	<u>439,168</u>	<u>-</u>	<u>439,168</u>
 Total operating expenses	 <u>3,130,663</u>	 <u>-</u>	 <u>3,130,663</u>
 CHANGE IN NET ASSETS	 (259,537)	 102,851	 (156,686)
 NET ASSETS, BEGINNING OF YEAR	 <u>1,058,911</u>	 <u>-</u>	 <u>1,058,911</u>
 NET ASSETS, END OF YEAR	 <u>\$ 799,374</u>	 <u>\$ 102,851</u>	 <u>\$ 902,225</u>

See independent auditors' report and notes to the financial statements

EMPOWER YOLO, INC.
(A Non-Profit Corporation)
Statement of Functional Expenses
Year Ended June 30, 2018

2018

	Program Services					Supporting Services		
	Resource	Total Program				Management	Total	
	Centers	Shelter	Victim Services	Youth Programs	Services	and General	Development	
Salaries and Wages	\$ 394,078	\$ 327,600	\$ 528,785	\$ 144,047	\$ 1,394,510	\$ 197,298	\$ 44,455	\$ 1,636,263
Payroll taxes	35,644	33,120	49,921	12,703	131,388	15,643	3,793	150,824
Employee benefits	40,294	41,665	47,193	14,783	143,935	30,685	5,151	179,771
Subtotal personnel	470,016	402,385	625,899	171,533	1,669,833	243,626	53,399	1,966,858
Promotion and advertising	-	-	670	-	670	2,151	-	2,821
Auto and travel	2,860	3,791	12,736	4,672	24,059	977	-	25,036
Bank fees	-	-	120	-	120	1,711	-	1,831
Depreciation and amortization	17,337	54,118	14,193	-	85,648	3,085	502	89,235
Memberships and subscriptions	2,204	-	15	-	2,219	-	-	2,219
Equipment leases	630	-	4,996	1,795	7,421	3,738	-	11,159
Furniture and equipment (below threshold)	1,901	-	745	2,630	5,276	222	-	5,498
Insurance	1,441	-	10,587	4,565	16,593	7,616	-	24,209
Interest	-	-	-	97	97	16,548	-	16,645
Janitorial	1,086	-	8,731	3,002	12,819	5,719	-	18,538
Housing assistance	142,290	-	85,983	-	228,273	-	-	228,273
Rent	-	-	3,839	-	3,839	349	-	4,188
Office supplies and postage	1,473	-	4,014	1,992	7,479	1,234	836	9,549
Partner agencies	27,993	-	42	176,777	204,812	-	-	204,812
DACA scholarships	2,480	-	-	-	2,480	715	-	3,195
Taxes and licenses	-	-	-	-	-	2,886	-	2,886
Accounting and auditing	823	-	15,607	-	16,430	11,945	-	28,375
Donated legal services	-	-	22,400	-	22,400	-	-	22,400
Donated therapist services	-	-	12,580	-	12,580	-	-	12,580
Donated rent	-	-	13,036	-	13,036	-	-	13,036
Other donated program services	-	-	140,885	-	140,885	-	-	140,885
Other professional services and contractors	510	-	69,003	-	69,513	1,675	-	71,188
Program supplies and other assistance	10,751	118	6,353	20,872	38,094	3,485	-	41,579
Fundraising events	-	-	-	-	-	-	12,871	12,871
Repairs and maintenance	498	330	4,596	1,530	6,954	3,098	-	10,052
Information technology and software	3,485	-	17,722	6,226	27,433	13,238	-	40,671
Staff development	72	-	3,218	2,473	5,763	1,037	100	6,900
Telephone and telecommunications	1,736	-	11,951	5,720	19,407	10,356	417	30,180
Utilities	3,729	-	29,623	10,782	44,134	20,736	-	64,870
Board-related	3,228	-	-	-	3,228	-	-	3,228
Bad debt	-	-	-	-	-	11,434	-	11,434
Other	-	-	-	-	-	3,462	-	3,462
	<u>\$ 696,543</u>	<u>\$ 460,742</u>	<u>\$ 1,119,544</u>	<u>\$ 414,666</u>	<u>\$ 2,691,495</u>	<u>\$ 371,043</u>	<u>\$ 68,125</u>	<u>\$ 3,130,663</u>

See independent auditors' report and notes to the financial statements

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)

Statement of Cash Flows
Year Ended June 30, 2018

	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (156,686)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	89,235
Bad debt expense	11,434
Changes in operating accounts:	
(Increase) decrease in accounts receivable	11,206
(Increase) decrease in prepaid expenses and deposits	(2,422)
Increase (decrease) in accounts payable and accrued expenses	32,241
Increase (decrease) in deferred revenue	126,546
Net cash provided by operating activities	<u>111,554</u>
 CASH FLOWS FROM INVESTING ACTIVITIES -	
Purchases of capital assets	(15,990)
 CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from line of credit	49,528
Principal payments on line of credit	(99,384)
Principal payments on mortgage payable	(22,612)
Principal payments on capital lease	(6,582)
Net cash used in financing activities	<u>(79,050)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 16,514
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>60,438</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 76,952</u>
 SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid for:	
Interest	\$ <u>15,701</u>
Income taxes	\$ <u>-</u>
Nonmonetary Transaction:	
Purchase of equipment by capital lease	\$ <u>31,020</u>

See independent auditors' report and notes to the financial statements

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Year Ended June 30, 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Empower Yolo, Inc. (the Agency) is 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 Empower Yolo's client services is to limit and reduce victim trauma and promote recovery. The goal of the communication education is to reduce and present 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 and support are from government contracts, contributions, and program fees.

The Agency seeks to fulfill its mission by focusing on the following program areas:

- **Resource Centers:** The agency provides resource centers for community services to improve the health, social, educational, and economic outcomes of Yolo County residents.
- **Safe Shelter and Housing:** The confidential Wallace and Vannucci Shelter is Yolo County's only 24-hour emergency shelter for adults and children escaping domestic violence, sexual abuse or human trafficking. The 35 bed facility is staffed 24 hours a day, 365 days a year. The shelter offers safe refuge, a comprehensive empowerment program, therapeutic services, and case management to residents. Access to the shelter is available 24/7 through our crisis line.

In addition, Empower Yolo is the homeless rapid re-housing provider for Yolo County, and we provide prevention services under HUD's Emergency Solution Grant program. The program works in conjunction with the area's traditional homeless providers, emergency shelters, and transitional housing programs. Maintaining or moving homeless clients into permanent housing is the objective of the program; however, we continue to address the underlying causes of homelessness for long-term positive outcomes. Under the program, homeless clients can receive rental assistance, security and utility deposits, legal assistance, and credit repair services. Participants receive intensive case management and financial coaching services.

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Year Ended June 30, 2018

- **Victim Services:** Empower Yolo provides crisis support for victims of domestic violence, sexual assault, and human trafficking through a 24/7 crisis line, as well as providing walk-in crisis support with trained advocates available to provide crisis intervention, emotional support, advocacy, education and referrals.

Our CARE team advocates provide hospital and law enforcement accompaniment, crisis intervention, emotional support, criminal justice, legal and social service advocacy, education, and referrals.

Lastly, in partnership with Yolo County law enforcement agencies, Empower Yolo's Domestic Violence Response Team provides crisis intervention, emotional support, legal and law enforcement advocacy, court preparation services, safety planning, and social service advocacy.

Youth Services: Empower Yolo provides youth services to help ensure that every youth has the opportunity for a safe, nurturing, and stimulating environment to develop and grow their potential, including After School Safety and Enrichment for Teens program, partnering with schools and communities to provide academic support and safe, constructive alternatives for high school students.

In addition, the Agency provides counseling services for children who have been victimized by violence, sexual abuse, neglect, school or community violence, parental substance abuse, who have witnessed violence in their home, or have experienced any other child maltreatment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Empower Yolo have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), which require the Agency to report information regarding its financial position and activities according to the following net asset categories:

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 the Agency's management and 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 the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Year Ended June 30, 2018

Donor restrictions 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.

Cash and Cash Equivalents

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.

Grants and Contracts Receivable

Grants and contracts receivable are stated at estimated net realizable value and primarily represent reimbursements due for costs incurred under grant or contract agreements or fees due for services rendered under contract agreements. No allowance for doubtful accounts was deemed necessary as of June 30, 2018.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. There were no conditional promises to give as of June 30, 2018.

Fixed Assets

Fixed assets are stated at cost at the date of purchase, or, for donated assets, at fair value as of 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 Agency's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred. The Agency's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Compensated Absences

Empower Yolo compensates employees for all unused vacation upon termination. An estimated liability of for compensated absences is recorded as vacation benefits accrue to employees. Such liability of \$103,810 as of June 30, 2018 is reflected within accrued payroll and related liabilities in the accompanying financial statements.

Revenue Recognition

Revenues from grants and contracts are recognized according to the specific agreement. Revenues under cost reimbursement contracts are recognized to the extent project expenses are incurred. Under other contract agreements, fees are recognized as revenue when units of service are rendered.

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Year Ended June 30, 2018

Advances received but not yet earned are reported as deferred revenue.

Grants and 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. 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 as of 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

Contributions of in-kind goods and services are recognized at estimated fair value when received based on information provided by third party providers. In-kind services are recognized as contributions per GAAP if the services (1) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. There were contributed services of \$175,865 meeting the above revenue recognition criteria during the year ended June 30, 2018, primarily legal, counseling, and educational services.

Several volunteers have made significant contributions of their time in furtherance of the Agency's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria described above for recognition under GAAP.

Empower Yolo has recognized \$13,036 for in-kind goods, primarily donated rent for a programmatic location for the year ended June 30, 2018.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Direct costs are charged directly to programs and/or functions. Certain other costs are allocated among program services and supporting services benefited and according to the Agency's cost allocation plan. Empower Yolo allocates indirect costs each month based on the percentage of actual employee time charged to functional categories to total time incurred.

Advertising Costs

All advertising costs are expensed as incurred. The Agency incurred advertising expense of \$2,821 during the year ended June 30, 2018.

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Year Ended June 30, 2018

Tax-Exempt Status

Empower Yolo 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. The Agency 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. The Agency's informational returns are subject to examination by Federal and State taxing authorities generally for three years after they are filed. Empower Yolo 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

Risks and Uncertainties

The California Department of Education and the Governor's Office of Emergency Services combined to provide 63% of the support and revenue recognized during the year ended June 30, 2018. A significant change in such funding could have a material adverse impact on the Agency's ongoing activities and financial position.

Empower Yolo receives Federal and State funds for specific purposes and is subject to compliance requirements. Such funding is subject to review and audit by the grantor and contracting agencies at their discretion. If such audits were to disallow any expenditure, the Agency could potentially be liable to return funds. Management believes that such amounts, if any, would not have a material effect on the financial statements. This is not considered a probable contingency and, therefore, a liability has not been estimated and is not reflected in the accompanying financial statements.

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash and equivalents. The Agency maintains its cash and cash equivalents in one financial institution that, at times, may exceed federally insured limits (the Agency was under such \$250,000 threshold as of June 30, 2018). The Agency's cash and cash equivalent accounts have been placed with a high credit quality financial institution. Empower Yolo has not experienced, nor does it anticipate, any losses with respect to such accounts.

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

EMPOWER YOLO, INC.
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Notes to Financial Statements
Year Ended June 30, 2018

when pricing an asset. 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 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.

Level 1: Unadjusted quoted market prices for identified assets and liabilities in active markets as of the measurement date.

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 markets that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Agency has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

Management has evaluated events through March 31, 2019, the date on which the financial statements were available to be issued. No events occurred subsequent to year-end that require adjustment to or disclosure in the financial statements other than the disclosure related to debt in Note 6 and Note 9 below.

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Year Ended June 30, 2018

1. FIXED ASSETS

As of June 30, 2018, property and equipment consisted of the following:

	<u>2018</u>
Land	\$ 823,830
Buildings and improvements	1,670,833
Furniture and equipment	104,343
Equipment under capital leases	31,018
Construction in progress	<u>15,990</u>
Subtotal	2,645,014
Less: accumulated depreciation	<u>(1,279,535)</u>
Net fixed assets	<u>\$ 1,366,479</u>

Depreciation expense was \$89,235, during the year ended June 30, 2018.

2. AVAILABILITY AND LIQUIDITY

The following represents Empower Yolo's financial assets at June 30, 2018:

	<u>2018</u>
Financial assets at year end:	
Cash and cash equivalents	\$ 85,100
Grants and contracts receivable	387,797
Contributions receivable	<u>15,172</u>
Total financial assets	488,069
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(102,851)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 385,218</u>

Empower Yolo has \$358,218 in financial assets available to meet general expenditures, as well as a \$50,000 line of credit fully available, as of June 30, 2018. However, its working capital position at June 30, 2018 was negative. As such, management developed a plan to improve its working capital position including refinancing certain land and buildings, in which it has significant equity. We believe such plans, coupled with positive cash flow generated from operations subsequent to June 30, 2018, are sufficient to alleviate substantial doubt about the Agency's ability to continue as a going concern.

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Year Ended June 30, 2018

3. LINE OF CREDIT

Empower Yolo has a line of credit of \$50,000 with a bank. The credit line is unsecured and carries a variable interest rate (6.25% at June 30, 2018). No amounts were due on the line of credit as of June 30, 2018.

4. NOTES PAYABLE, CAPITAL LEASES OBLIGATIONS, AND SUBSEQUENT EVENT

As of June 30, 2018, long-term debt is comprised as follows:

Note payable to a bank, secured by deed of trust on real property with payments of principal and interest of \$2,881 due monthly. The note is due February 5, 2025 and carries an interest rate of 6% per annum. \$ 188,864

Note payable to the City of Davis, secured in second position by real property in Davis, California. No monthly payments are due unless the property ceases to be used as a shelter for victims of sexual assault and domestic violence. Subsequent to June 30, 2018, the City of Davis issued a reconveyance of the deed of trust, thereby releasing Empower Yolo from further obligation. 260,000

Capital lease for equipment with a bargain purchase option. The interest rate implicit in these leases are 6%. Monthly payments at June 30, 2018 are \$556 and expire on July 2022. Secured by equipment with an original purchase price of \$31,018 and accumulated depreciation of \$4,431. 24,437

Less: current portion of principal payments (30,108)
Total long-term debt \$ 443,193

Interest expense for the year ended June 30, 2018 approximated \$16,645.

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Year Ended June 30, 2018

Annual principal maturities of debt are as follows:

Fiscal Year Ending June 30:	<u>Mortgage Payable</u>	<u>Capital Lease</u>
2019	\$ 23,721	\$ 6,672
2020	25,208	6,672
2021	26,769	6,672
2022	28,440	6,672
2023	30,194	555
Thereafter	<u>314,532</u>	<u>-</u>
Total payments		27,243
Less: portion representing interest		<u>(2,806)</u>
Total debt – principal only	<u>\$ 448,864</u>	<u>\$ 24,437</u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows for the years ended June 30, 2018:

	<u>2018</u>
Purpose restrictions:	
Kitchen remodel	\$ 77,369
Roof repair	8,070
Human trafficking	3,000
Youth fund	3,175
Other	4,005
Time restrictions	<u>7,232</u>
Total net assets with donor restrictions	<u>\$ 102,851</u>

Net assets released from donor restrictions during the year ended June 30, 2018 are as follows:

	<u>2018</u>
Purpose restrictions:	
Kitchen remodel	\$ 15,990
Roof repair	2,530
Shelter and re-housing	13,150
Other	3,185
Time restrictions	<u>486,251</u>
Total net assets released from donor restrictions	<u>\$ 521,106</u>

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Year Ended June 30, 2018

8. LEASE COMMITMENTS

Empower Yolo leases office equipment under non-cancellable operating lease expiring in 2020. In addition, Empower Yolo leases one space for program purposes on a month-to-month basis. Other space is donated to Empower Yolo and has been recorded in the accompanying financial statements as rent expense and in-kind contribution support.

Minimum future lease commitments under operating lease agreements for the next five fiscal years are as follows:

<u>Fiscal year:</u>	
2019	\$ 2,940
2020	2,695
2021	-
2022	-
2023	-

Rent expense for the year ended June 30, 2018 approximated \$20,164.

9. RETIREMENT PLAN

Empower Yolo sponsors a defined contribution plan that covers regular full-time employees with at least one year of service. The plan allows eligible employees discretionary contributions up to a maximum amount allowed under IRS Section 403(b). The Agency makes employer matching contributions up to 3% of participants' compensation. Employer contributions vest evenly over 5 years. Total employer contribution expense was \$23,136 for the year ended June 30, 2018.

10. RELATED PARTY TRANSACTIONS AND SUBSEQUENT EVENT

During the year ended June 30, 2018, the Executive Director provided an interest-free working capital loan of \$10,000 to the Agency, which was repaid in entirety as of June 30, 2018.

Subsequent to June 30, 2018, the Executive Director provided an interest-free, unsecured working capital loan of \$11,000, which was repaid in entirety as of February 2019.

In addition, the spouse of the Executive Director was employed by the Agency on an hourly basis providing maintenance services as needed, with compensation of \$33,004 during the year ended June 30, 2018.

SUPPLEMENTARY INFORMATION

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education				
Passed Through State of California Department of Education				
After School Learning Centers Formula Award - Core	84.287	16 14535 A718 9A	\$ 219,487	\$ 83,643
After School Learning Centers Formula Award - Equitable	84.287	16 14603 A718 9A	17,332	-
After School Learning Centers Formula Award - Literacy	84.287	16 14604 A718 9A	9,588	-
After School Learning Centers Formula Award - Core	84.287	17 14535 A718 9A	294,118	121,152
After School Learning Centers Formula Award - Equitable	84.287	17 14603 A718 9A	24,016	-
After School Learning Centers Formula Award - Literacy	84.287	17 14604 A718 9A	<u>18,100</u>	<u>-</u>
Total U.S. Department of Education			582,641	204,795
U.S. Department of Housing and Urban Development				
Passed Through State of California Department of Housing and Community Development				
Emergency Solutions Grant	14.231	16-ESG-11079	186,456	-
Emergency Solutions Grant	14.232	17-ESG-11884	<u>21,850</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			208,306	-
U.S. Department of Justice				
Passed Through State of California Office of Emergency Services				
Child Abuse Treatment	16.575	AT 16 02 1034	126,245	-
Domestic Violence Assistance Program	16.575	DV 16 12 1034	55,468	-
Rape Crisis Program	16.575	RC 16 36 1034	195,119	-
Transitional Housing Program	16.575	XH 16 01 1034	183,691	-
Child Abuse Treatment	16.575	AT 17 03 1034	190,396	-
Domestic Violence Assistance Program	16.575	DV 17 14 1034	216,484	-
Rape Crisis Center	16.575	RC 17 37 1034	<u>218,345</u>	<u>-</u>
Total U.S. Department of Justice			1,185,748	-
U.S. Department of Health and Human Services				
Passed Through County of Yolo				
Community Development Block Grant - Woodland Construction	14.218	NA	2,530	-
Community Development Block Grant - Woodland Shelter	14.218	NA	9,442	-
Community Development Block Grant - Davis Shelter	14.218	NA	<u>7,009</u>	<u>-</u>
Total U.S. Department of Health and Human Services			18,981	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,995,676</u>	

See accompanying note to this schedule

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, 2018. 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 Agency.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Federal 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 to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

EMPOWER YOLO, INC.
Schedule of Expenditures
California Governor's Office of Emergency Services Grants
Year Ended June 30, 2018

	<u>AT 16 02 1034</u>	<u>AT 17 03 1034</u>	<u>DV 16 12 1034</u>	<u>DV 17 14 1034</u>	<u>RC 16 36 1034</u>	<u>RC 17 37 1034</u>	<u>XH 16 01 1034</u>
Revenues and support:							
Government grants and contract	\$ 97,833	\$ 170,000	\$ 31,944	\$ 216,623	\$ 118,156	\$ 207,065	\$ 142,682
Donated goods and services	<u>29,919</u>	<u>20,395</u>	<u>-</u>	<u>-</u>	<u>63,599</u>	<u>11,280</u>	<u>41,308</u>
Total revenues and support	<u>127,752</u>	<u>190,395</u>	<u>31,944</u>	<u>216,623</u>	<u>181,755</u>	<u>218,345</u>	<u>183,990</u>
Expenses:							
Personnel expenses	63,264	123,007	55,071	216,484	121,275	175,149	51,272
Other operating expenses	33,062	46,994	397	-	10,245	31,916	91,111
Donated goods and services	29,919	20,395	-	-	63,599	11,280	41,308
Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>126,245</u>	<u>190,396</u>	<u>55,468</u>	<u>216,484</u>	<u>195,119</u>	<u>218,345</u>	<u>183,691</u>
Excess of expenses (over) under revenue	<u>\$ 1,507</u>	<u>\$ (1)</u>	<u>\$ (23,524)</u>	<u>\$ 139</u>	<u>\$ (13,364)</u>	<u>\$ -</u>	<u>\$ 299</u>

OTHER REPORTS

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

To the Board of Directors and Management of
Empower Yolo, Inc.
Woodland, 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 Empower Yolo, Inc. (the Agency) (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, 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 March 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, 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, that we consider to be significant deficiencies (2018-1 and 2018-2).



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
March 31, 2019

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

To the Board of Directors and Management of
Empower Yolo, Inc.
Woodland, California

Report on Compliance for Each Major Federal Program

We have audited Empower Yolo, Inc.'s (the Agency) compliance with the types of compliance requirements described in *2 CFR Part 200, Appendix XI Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2018. Empower Yolo'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 grant awards.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Empower Yolo'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 Agency'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 Empower Yolo's compliance.

Opinion on Each Major Federal Program

In our opinion, 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 each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Empower Yolo is responsible for establishing and maintaining effective internal control over compliance with the types of 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 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's internal control over compliance.

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

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, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We identified two deficiencies in internal control over compliance that we consider to be significant deficiencies, as described further in the accompanying Schedule of Findings and Questioned Costs as 2018-3 and 2018-4.

Empower Yolo's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. Empower Yolo'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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Empower Yolo, Inc. as of and for the year ended June 30, 2018, and have issued our report thereon dated March 31, 2019, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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 the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

March 31, 2019

EMPOWER YOLO, INC.
(A Nonprofit Corporation)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I – Summary of Auditors’ Results

<u>Financial Statements</u>	
Type of auditors’ report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No
<u>Federal Awards</u>	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	Yes
Type of auditors’ report issued on compliance for major program	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
<u>Identification of major programs:</u>	
<u>CFDA No.</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 a low-risk auditee?	No

EMPOWER YOLO, INC.
(A Nonprofit Corporation)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section II – Financial Statement Findings
--

Finding 2018-1 SEGREGATION OF DUTIES (Significant Deficiency)

Criteria: A key element in a system of internal control is separation of duties, reducing the risk of error and/or financial statement fraud, as well as risk of theft or mismanagement of grant funds.

Condition: Empower Yolo has a one-person accounting department and has designed a number of duties to be divided among other administrative staff. Importantly, however, independent reviews and approvals of key reconciliations and financial reports is needed to ensure separation of duties sufficient to mitigate risk of error or fraud.

Questioned cost: None

Cause: The organization is a small nonprofit organization with limited resources.

Effect: The risk of error or fraud is more likely without adequate segregation of duties.

Recommendation: The organization can overcome the effects of a non-person accounting department by increasing staff or the level of supervision, as well as enlisting board members to perform some functions, in order to achieve adequate segregation of duties.

Specifically we recommend the following:

- Independent reviews and approvals of key reconciliations and reports, as well as nonstandard journal entries
- Independent reviews and approvals of timesheet summaries by grant and employee
- Independent review and approvals of database changes and exception reports

We also encourage the organization to perform periodic risk assessments to identify fraud risk when staffing responsibilities change or are redesigned.

EMPOWER YOLO, INC.
(A Nonprofit Corporation)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

**Finding 2018-2 DONATED GOODS AND SERVICES
(SIGNIFICANT DEFICIENCY)**

Criteria: U.S. Generally accepted accounting principles (GAAP) require nonprofit organizations to record the estimated fair value of donated goods and certain donated services that (1) create or enhance nonfinancial assets, or (b) require specialized skills and are provided by individuals possessing those skills. Those services would typically need to be purchased if not donated.

Condition: The organization's system of internal control has been designed to log all such goods and services when donated; however, the value of those goods and services is not estimated, summarized, and recorded within the accounting system until year end.

Questioned Cost: None

Cause: Monitoring of compliance with internal controls over donated services has not been performed.

Effect: Public support and operating expenses are understated in the internal financial statements. Grant reporting uses non-accounting sources to report grant matching.

Recommendation: We recommend that policies and procedures for donated goods and services be readdressed consistent with GAAP, including related reconciliations and independent reviews and approval by supervisory staff.

EMPOWER YOLO, INC.
(A Nonprofit Corporation)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section III –Findings and Questioned Costs for Federal Awards
--

Finding 2018-3 INTERNAL CONTROL OVER COMPLIANCE: WRITTEN COMPLIANCE POLICIES AND PROCEDURES (SIGNIFICANT DEFICIENCY)

Criteria: Written compliance policies and procedures are required by the Uniform Guidance.

Condition: While certain compliance requirements have been formally documented, Empower Yolo has not documented all required compliance policies and procedures.

Questioned Cost: None

Effect: Without adequate compliance policies and procedures, there is risk that the system of internal control over compliance may not identify related errors, fraud, or abuse.

Cause: The organization was not aware that many of the recommended policies under the former OMB A-133 rules have now become required.

Recommendation: Empower Yolo should identify all required Uniform compliance requirements under each grant and ensure that written policies and procedures exist and include key internal controls over compliance. Job descriptions should be updated accordingly.

EMPOWER YOLO, INC.
(A Nonprofit Corporation)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Finding 2018-4 INTERNAL CONTROLS OVER COMPLIANCE: IDENTIFICATION AND MONITORING OF SUB-RECIPIENTS OF FEDERAL AWARDS (SIGNIFICANT DEFICIENCY)

- Criteria: Uniform Guidance requires that internal controls of the organization be designed to distinguish the substance of a vendor relationship (sub-recipient versus contractor). Sub-recipients are required to comply with the requirements of the Uniform Guidance.
- Condition: Empower Yolo has not designed internal controls over compliance with respect to subrecipient monitoring requirements to ensure that all such determinations are reviewed and approved and the subrecipients are in compliance with Uniform Guidance.
- Questioned Costs None
- Effect: Vendor relationships could be improperly characterized as a contractor, rather than as a sub-recipient with compliance requirements that should be monitored by the Agency. Contracts could be inadequate to facilitate compliance.
- Cause: Certain compliance personnel do not have an adequate understanding of the new Uniform Guidance with respect to sub-recipient monitoring.
- Recommendation: We recommend that compliance personnel be adequately trained on the requirements of the Uniform Guidance and the special conditions of each Federal grant. Internal controls over Subrecipient identification and monitoring should be adequately designed to ensure that all vendor relationships are properly characterized and compliance monitoring occurs when necessary.

EMPOWER YOLO, INC.
(A Nonprofit Corporation)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section II – Status of Prior Year Findings

**Finding 2017-1 ALLOWABLE COSTS – VICTIMS OF CRIME, CFDA #16.575,
PASSED THROUGH CALIFORNIA OFFICE OF EMERGENCY
SERVICES**

Criteria: Budget estimates (estimates 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 benefits, 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 for
fiscal 2017: Costs should be allocated to federal awards using an appropriate base,
such as actual salary and wages.

2018 Status of
Corrective Action
Plan Finding remediated.

EMPOWER YOLO, INC.
(A Nonprofit Corporation)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Finding 2017-2 REPORTING – VICTIMS OF CRIME, CFDA #16.575, PASSED THROUGH CALIFORNIA DEPARTMENT OF EMERGENCY SERVICES

Criteria: Expenditures reported to the funding source should be supported by 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 detail testing.

Questioned Costs: None

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

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 claims.

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

Recommendation for fiscal 2017: 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.

2018 Status of Corrective Action Plan Finding remediated.



Promoting safe, healthy & resilient communities

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Lynnette Irlmeier

Executive Director

Corrective Action Plan

Fiscal year 2018.

<i>Finding Number</i>	<i>Planned Corrective Action</i>	<i>Anticipated Completion Date</i>	<i>Responsible Contact Person</i>
2018 – 1 Segregation of Duties	Empower Yolo hired a Grants Manager to be responsible for grant compliance including timesheet reviews and approvals. Hire a Chief Financial Officer who will be responsible for reviewing reconciliations, reports and nonstandard journal entries.	January 2019 May 2019 April 2019	Lynnette Irlmeier Executive Director Lynnette Irlmier Executive Director to hire. CFO responsible for review, and reconciliations. Natalia Balazar Director of Development
Finding 2018 – 2 Donated Goods and Services	Revise the internal controls to include that in-kind donations are entered into the accounting system and reviewed by supervisory staff.	April 2019	Lynnette Irlmeier, Executive Director to establish. Program Managers and Supervisory Staff to implement

<i>Finding Number</i>	<i>Planned Corrective Action</i>	<i>Anticipated Completion Date</i>	<i>Responsible Contact Person</i>
2018-3 Compliance Policies and Procedures	Update and document internal controls.	May 2019	Lynnette Irlmeier, Executive Director and Rachael Austin Grants Manager
2018-4 Monitoring sub-recipients of Federal Award	Strengthen sub recipient award/contract language to reflect that the pass through entity must comply with Uniform Guidance Strengthen monitoring by documenting formal monitoring procedures in the compliance policies and procedures	May 2018	Jessica Olivares Director of Youth Services

Submitted by,



Lynnette Irlmeier
Executive Director