

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

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

Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but it not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

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 Administrative 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 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 March 30, 2023, 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 the effectiveness of 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 30, 2023

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)
Statements of Financial Position
June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 212,555 | \$ 282,288 |
| Cash restricted for long lived assets | 101,160 | 10,931 |
| Grant and contracts receivable | 795,526 | 619,039 |
| Other receivables | 37,914 | 8,494 |
| Prepaid expenses | <u>23,558</u> | <u>20,253</u> |
| Total current assets | 1,170,713 | 941,005 |
| FIXED ASSETS, NET | <u>1,595,877</u> | <u>1,515,254</u> |
| TOTAL ASSETS | <u><u>\$ 2,766,590</u></u> | <u><u>\$ 2,456,259</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and other accrued expenses | \$ 135,389 | \$ 102,388 |
| Accrued payroll and related | 181,934 | 190,210 |
| Refundable advances | 103,625 | 27,086 |
| Long term debt - current portion | <u>7,952</u> | <u>14,201</u> |
| Total current liabilities | 428,900 | 333,885 |
| LONG-TERM DEBT | <u>320,123</u> | <u>327,335</u> |
| Total liabilities | <u><u>749,023</u></u> | <u><u>661,220</u></u> |
| NET ASSETS: | | |
| Without donor restrictions | 1,916,407 | 1,612,380 |
| With donor restrictions | <u>101,160</u> | <u>182,659</u> |
| Total net assets | <u><u>2,017,567</u></u> | <u><u>1,795,039</u></u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 2,766,590</u></u> | <u><u>\$ 2,456,259</u></u> |

See independent auditors' report and notes to the financial statements

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)
Statements of Activities
Years Ended June 30, 2022 and 2021

| | 2022 | | | 2021 | | |
|---|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| REVENUES AND SUPPORT: | | | | | | |
| Government grants | \$ 3,201,167 | \$ - | \$ 3,201,167 | \$ 2,919,300 | \$ 15,780 | \$ 2,935,080 |
| Grants from foundations and corporations | 69,634 | 122,000 | 191,634 | 96,514 | 343,252 | 439,766 |
| Other contributions | 344,140 | - | 344,140 | 706,127 | 1,500 | 707,627 |
| Fees for services | 168,823 | - | 168,823 | 79,256 | - | 79,256 |
| Reimbursements and other | 2,275 | - | 2,275 | 13,705 | - | 13,705 |
| Donated goods and services | 138,344 | - | 138,344 | 87,738 | - | 87,738 |
| Interest | 14 | - | 14 | 3 | - | 3 |
| Net assets released from restriction | 203,499 | (203,499) | - | 628,754 | (628,754) | - |
| Total operating revenues and support | 4,127,896 | (81,499) | 4,046,397 | 4,531,397 | (268,222) | 4,263,175 |
| OPERATING EXPENSES BY FUNCTION: | | | | | | |
| Program services: | | | | | | |
| Resource centers | 763,762 | - | 763,762 | 880,093 | - | 880,093 |
| Victim services | 1,853,156 | - | 1,853,156 | 2,003,526 | - | 2,003,526 |
| Youth programs | 333,024 | - | 333,024 | 319,240 | - | 319,240 |
| Other | 207,308 | - | 207,308 | 122,162 | - | 122,162 |
| Total program services | 3,157,250 | - | 3,157,250 | 3,325,021 | - | 3,325,021 |
| Supporting services: | | | | | | |
| Management and general | 623,206 | - | 623,206 | 524,929 | - | 524,929 |
| Development | 43,413 | - | 43,413 | 41,394 | - | 41,394 |
| Total supporting services | 666,619 | - | 666,619 | 566,323 | - | 566,323 |
| Total operating expenses | 3,823,869 | - | 3,823,869 | 3,891,344 | - | 3,891,344 |
| CHANGE IN NET ASSETS | 304,027 | (81,499) | 222,528 | 640,053 | (268,222) | 371,831 |
| NET ASSETS, BEGINNING OF YEAR | 1,612,380 | 182,659 | 1,795,039 | 972,327 | 450,881 | 1,423,208 |
| NET ASSETS, END OF YEAR | \$ 1,916,407 | \$ 101,160 | \$ 2,017,567 | \$ 1,612,380 | \$ 182,659 | \$ 1,795,039 |

See independent auditors' report and notes to the financial statements

EMPOWER YOLO, INC.
(A Non-Profit Corporation)
Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

| | 2022 | | | | | | | | | 2021 | | | | | | | | |
|---|-------------------|---------------------|-------------------|-------------------|------------------------|------------------------|------------------|---------------------|-------------------|---------------------|-------------------|-------------------|------------------------|------------------------|---------------------|---------------------|--|--|
| | Program Services | | | | | Supporting Services | | | | Program Services | | | | | Supporting Services | | | |
| | Resource Centers | Victim Services | Youth Programs | Other Program | Total Program Services | Management and General | Development | Total | Resource Centers | Victim Services | Youth Programs | Other Program | Total Program Services | Management and General | Development | Total | | |
| | | | | | | | | | | | | | | | | | | |
| Salaries and Wages | \$ 249,180 | \$1,328,118 | \$ 155,052 | \$ 120,725 | \$ 1,853,075 | \$ 220,763 | \$ 38,093 | \$ 2,111,931 | \$ 225,221 | \$ 1,387,853 | \$ 196,958 | \$ 88,525 | \$1,898,557 | \$ 218,134 | \$ 34,582 | \$ 2,151,273 | | |
| Payroll taxes | 20,563 | 110,363 | 12,400 | 9,349 | 152,675 | 15,434 | 3,387 | 171,496 | 15,602 | 96,140 | 13,644 | 6,132 | 131,518 | 15,111 | 2,396 | 149,025 | | |
| Employee benefits | 30,295 | 127,378 | 14,306 | 6,778 | 178,757 | 35,657 | 641 | 215,055 | 22,413 | 138,112 | 19,600 | 8,810 | 188,935 | 21,708 | 3,441 | 214,084 | | |
| Subtotal personnel | 300,038 | 1,565,859 | 181,758 | 136,852 | 2,184,507 | 271,854 | 42,121 | 2,498,482 | 263,236 | 1,622,105 | 230,202 | 103,467 | 2,219,010 | 254,953 | 40,419 | 2,514,382 | | |
| Promotion and advertising | - | - | - | - | - | 1,794 | - | 1,794 | - | - | - | - | - | 717 | 249 | 966 | | |
| Travel and mileage | 1,075 | 7,017 | 129 | 1,422 | 9,643 | 1,910 | - | 11,553 | 1,558 | 12,561 | - | 403 | 14,522 | 38 | - | 14,560 | | |
| Bank fees | - | - | - | - | - | 2,057 | - | 2,057 | - | - | - | - | - | 1,040 | - | 1,040 | | |
| Depreciation and amortization | - | - | - | - | - | 68,660 | - | 68,660 | 33,430 | 15,578 | - | - | 49,008 | 689 | 345 | 50,042 | | |
| Memberships and subscriptions | 887 | - | 271 | - | 1,158 | 3,181 | - | 4,339 | - | - | - | - | - | 2,036 | - | 2,036 | | |
| Equipment | - | 5,587 | - | - | 5,587 | 521 | - | 6,108 | 5,489 | - | - | 1,417 | 6,906 | - | - | 6,906 | | |
| Insurance | - | - | - | - | - | 19,441 | - | 19,441 | - | - | - | - | - | 31,176 | - | 31,176 | | |
| Interest | - | - | - | - | - | 19,085 | - | 19,085 | - | - | - | - | - | 19,777 | - | 19,777 | | |
| Janitorial | - | 5,248 | 142 | - | 5,390 | 10,988 | - | 16,378 | 207 | 2,968 | - | 677 | 3,852 | 12,596 | - | 16,448 | | |
| Housing assistance | 372,336 | 58,933 | - | (1,810) | 429,459 | - | - | 429,459 | 425,848 | 131,206 | - | 968 | 558,022 | 77 | - | 558,099 | | |
| Client treatment stays and other assistance | 31,818 | 3,747 | 440 | 1,516 | 37,521 | - | - | 37,521 | 3,792 | 2,400 | - | - | 6,192 | - | - | 6,192 | | |
| Rent | - | - | - | - | - | - | - | - | 2,300 | - | - | - | 2,300 | 1,745 | - | 4,045 | | |
| Supplies | 11,053 | 9,500 | 19,457 | - | 40,010 | 14,678 | - | 54,688 | 41,798 | (4,992) | 2,072 | 390 | 39,268 | 7,708 | - | 46,976 | | |
| Printing and reproduction | - | 176 | - | - | 176 | 7,404 | - | 7,580 | - | - | - | 397 | 397 | 4,753 | - | 5,150 | | |
| Food | 7,921 | 6,993 | 7,918 | - | 22,832 | 56 | - | 22,888 | 29,328 | 6,190 | - | 3,717 | 39,235 | - | - | 39,235 | | |
| Child care | - | - | - | - | - | - | - | - | 3,960 | - | - | - | 3,960 | - | - | 3,960 | | |
| Partner agencies | 5,000 | 10,208 | 95,839 | 2,500 | 113,547 | - | - | 113,547 | - | - | 85,184 | - | 85,184 | - | - | 85,184 | | |
| DACA scholarships | - | - | - | - | - | - | - | - | 1,485 | - | - | - | 1,485 | - | - | 1,485 | | |
| Taxes and licenses | - | - | - | - | - | 6,592 | - | 6,592 | - | - | - | - | - | 604 | - | 604 | | |
| Accounting and auditing | - | 16,890 | - | - | 16,890 | 28,595 | - | 45,485 | - | 10,691 | - | - | 10,691 | 44,367 | - | 55,058 | | |
| Donated legal services | 9,563 | - | - | - | 9,563 | - | - | 9,563 | - | 23,986 | - | - | 23,986 | - | - | 23,986 | | |
| Donated rent | 13,036 | - | - | - | 13,036 | - | - | 13,036 | - | 13,036 | - | - | 13,036 | - | - | 13,036 | | |
| Other donated goods and services | - | - | 23,417 | 66,828 | 90,245 | - | - | 90,245 | 920 | 7,135 | - | - | 8,055 | - | - | 8,055 | | |
| Therapists and other professional services | 2,200 | 143,941 | 2,275 | - | 148,416 | 12,870 | - | 161,286 | 4,950 | 118,739 | - | - | 123,689 | - | - | 123,689 | | |
| Payroll service fees | - | - | - | - | - | 10,252 | - | 10,252 | - | - | - | - | - | 9,981 | - | 9,981 | | |
| Other fundraising | - | - | - | - | - | - | 1,292 | 1,292 | - | - | - | - | - | - | 381 | 381 | | |
| Repairs and maintenance | 1,520 | 6,494 | 35 | - | 8,049 | 8,651 | - | 16,700 | 6,709 | 21,222 | - | - | 27,931 | 16,315 | - | 44,246 | | |
| Information technology and software | 4,150 | 3,309 | - | - | 7,459 | 48,670 | - | 56,129 | 6,985 | 6,911 | - | 292 | 14,188 | 44,250 | - | 58,438 | | |
| Staff development and training | 200 | 3,090 | 604 | - | 3,894 | 178 | - | 4,072 | 4,124 | 4,560 | - | - | 8,684 | - | - | 8,684 | | |
| Telephone and telecommunications | 194 | 1,671 | 739 | - | 2,604 | 8,591 | - | 11,195 | 16,514 | 2,071 | - | - | 18,585 | 9,011 | - | 27,596 | | |
| Utilities | 1,484 | 4,493 | - | - | 5,977 | 57,281 | - | 63,258 | 18,857 | 3,657 | - | - | 22,514 | 60,454 | - | 82,968 | | |
| Bad debt | - | - | - | - | - | 16,312 | - | 16,312 | - | - | - | - | - | 2,500 | - | 2,500 | | |
| Other | 1,287 | - | - | - | 1,287 | 3,585 | - | 4,872 | 8,603 | 3,502 | 1,782 | 10,434 | 24,321 | 142 | - | 24,463 | | |
| | <u>\$ 763,762</u> | <u>\$ 1,853,156</u> | <u>\$ 333,024</u> | <u>\$ 207,308</u> | <u>\$ 3,157,250</u> | <u>\$ 623,206</u> | <u>\$ 43,413</u> | <u>\$ 3,823,869</u> | <u>\$ 880,093</u> | <u>\$ 2,003,526</u> | <u>\$ 319,240</u> | <u>\$ 122,162</u> | <u>\$ 3,325,021</u> | <u>\$ 524,929</u> | <u>\$ 41,394</u> | <u>\$ 3,891,344</u> | | |

See independent auditors' report and notes to the financial statements

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 222,528 | \$ 371,831 |
| Contributions restricted for long-term assets | (117,000) | - |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 68,660 | 50,042 |
| Bad debt expense | 16,312 | 2,500 |
| Changes in operating accounts: | | |
| (Increase) decrease in accounts receivable | (222,220) | 367,959 |
| (Increase) decrease in prepaid expenses and deposits | (3,305) | (14,759) |
| Increase (decrease) in accounts payable and accrued expenses | 24,725 | (72,869) |
| Increase (decrease) in deferred revenue | 76,539 | (385,376) |
| Net cash provided by (used in) operating activities | <u>66,239</u> | <u>319,328</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES - | | |
| Donations restricted for long lived assets | 117,000 | - |
| Purchases of capital assets | <u>(149,283)</u> | <u>(331,033)</u> |
| Net cash provided by (used in) investing activities | (32,283) | (331,033) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Principal payments on mortgage note payable | (7,624) | (7,156) |
| Principal payments on capital lease | <u>(5,836)</u> | <u>(6,015)</u> |
| Net cash used in financing activities | <u>(13,460)</u> | <u>(13,171)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 20,496 | (24,876) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>293,219</u> | <u>318,095</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 313,715</u> | <u>\$ 293,219</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION: | | |
| Cash paid for: | | |
| Interest | <u>\$ 19,085</u> | <u>\$ 19,777</u> |
| Income taxes | <u>\$ -</u> | <u>\$ -</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS: | | |
| Cash and cash equivalents available for general operations | \$ 212,555 | \$ 282,288 |
| Cash and cash equivalents restricted for long lived assets | <u>101,160</u> | <u>10,931</u> |
| Total cash and cash equivalents | <u>\$ 313,715</u> | <u>\$ 293,219</u> |

See independent auditors' report and notes to the financial statements

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2022 and 2021

1. ORGANIZATION AND PROGRAMS

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 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 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.
- **Victim Services:** The agency provides safe shelter and housing to victims. 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
Years Ended June 30, 2022 and 2021

Empower Yolo also 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
Years Ended June 30, 2022 and 2021

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 highly liquid investments with original maturities of three months or less from the date of purchase. Cash contributions restricted by donors for purchase of long-lived assets have been segregated from operating cash and reflected as restricted cash in the accompanying Statements of Financial Position.

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, 2022 and 2021.

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, 2022 and 2021.

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 \$143,013 and \$156,781 as of June 30, 2022 and 2021, respectively, 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 and reimbursable. Under other contract agreements, fees are recognized as revenue when performance

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2022 and 2021

obligations have been satisfied. Advances received but not yet earned are reported as deferred revenue. During the years ended June 30, 2022 and 2021, Empower Yolo has contract revenue (fees for services) of \$142,928 and \$76,256, respectively, related primarily to class attendance and marriage fees with single performance obligations.

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.

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.

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.

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.

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 and based on the percentage of actual employee time charged to each functional category each month to total time incurred.

Advertising Costs

All advertising costs are expensed as incurred. The Agency incurred advertising expense of \$1,794 and \$966 during the years ended June 30, 2022 and 2021, respectively.

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

EMPOWER YOLO, INC.
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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.

Concentrations of Risk

The California Department of Education and the Governor's Office of Emergency Services combined to provide 50% of the support and revenue recognized during the year ended June 30, 2022. 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. Empower Yolo maintains its cash and cash equivalents in one financial institution. The Agency may periodically exceed the \$250,000 federally insured limit for each financial institution. The Agency's cash and cash equivalent accounts have been placed with high credit quality financial institutions. As of June 30, 2022, the Agency's bank balances exceeded the FDIC insured limit by \$318,316.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. 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.

EMPOWER YOLO, INC.
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Notes to Financial Statements
Years Ended June 30, 2022 and 2021

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.

Reclassifications

Certain reclassifications have been made to the prior year balances, in order to conform with current year presentation.

Subsequent Events

Management has evaluated events through March 30, 2023, the date on which the financial statements were available to be issued. No events occurred subsequent to year-end that require additional adjustment to or disclosure in the financial statements.

3. FIXED ASSETS

As of June 30, 2022 and 2021, property and equipment consist of the following:

| | <u>2022</u> | <u>2021</u> |
|--------------------------------|--------------|--------------|
| Land | \$ 823,830 | \$ 823,830 |
| Buildings and improvements | 2,184,518 | 2,035,235 |
| Furniture and equipment | 86,713 | 63,227 |
| Equipment under capital leases | - | 31,018 |
| Subtotal | 3,095,061 | 2,953,310 |
| Less: accumulated depreciation | (1,499,184) | (1,438,056) |
| Net fixed assets | \$ 1,595,877 | \$ 1,515,254 |

Depreciation and amortization expense was \$68,660 and \$50,042 during the years ended June 30, 2022 and 2021, respectively.

4. AVAILABILITY AND LIQUIDITY

The following represents Empower Yolo’s financial assets as of June 30, 2022 and 2021:

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Financial assets at year-end: | | |
| Cash and cash equivalents | \$ 313,715 | \$ 293,219 |
| Grants and contracts receivables | 795,526 | 619,039 |
| Other receivables | <u>37,914</u> | <u>8,494</u> |
| Total financial assets | 1,147,155 | 920,752 |
| | | |
| Less amounts not available to be used within one year: | | |
| Net assets with donor restrictions | <u>(218,160)</u> | <u>(182,659)</u> |
| | | |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 928,995</u> | <u>\$ 738,093</u> |

Empower Yolo has \$928,995 in financial assets available to meet general expenditures, as well as a \$150,000 revolving line of credit as of June 30, 2022.

5. DEBT

As of June 30, 2022, long-term debt is comprised as follows:

| | | |
|--|--|-------------------|
| Mortgage note payable to a bank, secured by deed of trust on real property on two properties in both Woodland and Davis, California, with payments of \$2,142 due monthly. The note carries an interest rate indexed to the 5-year Treasury bill plus 3% (5.390% at June 30, 2022). A balloon payment, together with any outstanding principal and accrued interest payable, is due June 17, 2029. | | \$ 328,075 |
| Less: current portion | | <u>(7,952)</u> |
| Total long-term debt | | <u>\$ 320,123</u> |

Annual principal maturities of debt are as follows:

Fiscal Year Ending June 30:

| | | |
|-----------------------------|--|-------------------|
| 2023 | | \$ 7,952 |
| 2024 | | 8,350 |
| 2025 | | 8,865 |
| 2026 | | 9,887 |
| 2027 | | 10,529 |
| Thereafter | | <u>282,492</u> |
| Total mortgage note payable | | <u>\$ 328,075</u> |

EMPOWER YOLO, INC.
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In addition, Empower Yolo has a \$150,000 revolving line of credit with a bank secured by real property. The credit line carries a variable interest rate at the WSJ prime rate plus .5% (5.39% at June 30, 2022). As of June 30, 2022, no amounts were outstanding on the line of credit. Any outstanding amounts due on the line, including principal and accrued interest, are due and payable in entirety on June 17, 2024.

Interest expense for the years ended June 30, 2022 and 2021 approximated \$19,085 and \$19,777, respectively.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows as of June 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Purpose restrictions: | | |
| Kitchen remodel | \$ - | \$ 10,931 |
| Property improvements and repair | 101,160 | 157,500 |
| Other | - | 7,765 |
| Animal health for families | - | <u>6,463</u> |
| Total net assets with donor restrictions | <u>\$ 101,160</u> | <u>\$ 182,659</u> |

Net assets released from donor restrictions during the years ended June 30, 2022 and 2021 are as follows:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Purpose restrictions: | | |
| Kitchen remodel | \$ 10,931 | \$ 292,326 |
| ASSETS program | - | 137,624 |
| Property improvements and repair | 173,340 | 42,500 |
| Shelter and re-housing | - | 52,000 |
| Educational equity programming | - | 27,252 |
| COVID relief efforts | - | 40,000 |
| Latin outreach services | - | 20,000 |
| Animal health for families | 6,463 | - |
| Other | <u>12,765</u> | <u>17,052</u> |
| Total net assets released from donor restrictions | <u>\$ 203,499</u> | <u>\$ 628,754</u> |

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2022 and 2021

7. LEASE COMMITMENTS

Empower Yolo leases one copier and two programmatic locations under month-to-month leases as of the date of this report, without ongoing lease commitments in future years. In addition, other programmatic space is donated to Empower Yolo free of charge or when the Agency participates in a one-stop client support location.

Lease expense, including month-to-month equipment and space leases and donated rent, for the years ended June 30, 2022 and 2021 approximated \$19,781 and \$21,833, respectively.

8. RETIREMENT PLAN

Empower Yolo sponsors a defined contribution plan that covers regular full-time employees eighteen years or older 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 incrementally over 5 years. Total employer contribution expense was \$31,883 and \$22,916, respectively, for the years ended June 30, 2022 and 2021.

9. RELATED PARTY TRANSACTIONS

The spouse of the Executive Director was employed by the Agency on an hourly basis providing maintenance services as needed, with compensation of \$56,683 and \$54,980, respectively, during the years ended June 30, 2022 and 2021.

10. IN-KIND CONTRIBUTIONS

For the year ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included the following:

| | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|
| Donated rent – resource center | \$ 13,036 | \$ 13,036 |
| Donated program supplies: | | |
| Clothing and diapers | 27,316 | 13,270 |
| Household items | 16,799 | 15,216 |
| Hygiene products | 4,502 | 10,252 |
| Donated administrative supplies | 300 | 3,923 |
| Donated legal services for clients - program | 9,563 | 23,986 |
| Donated therapy services to clients - program | <u>66,828</u> | <u>8,055</u> |
| | <u>\$138,344</u> | <u>\$ 87,738</u> |

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2022 and 2021

Empower Yolo recognized contributed nonfinancial assets within revenues and support in the accompanying statements of activities, including in the categories of donated rent, donated legal services, other donated professional services, and program supplies. Such donated goods and services did not have donor-imposed restrictions.

The estimated fair value of donated program goods and supplies were based on estimates of wholesale values that would be received for selling similar products in the United States.

The estimated fair value of donated services meeting the criteria for recognition was based upon \$85 per hour for legal services and \$20 per hour for therapists, which were deemed a conservative estimate for comparative services within Yolo County.

The estimated fair value of donated rent was based upon an estimated price per square foot in the current market rate.

11. REVENUE FROM CONTRACTS WITH CUSTOMERS AND DEFERRED REVENUE

Revenue from contracts with customers is reflected as fees for services revenue in the accompanying statements of activities. Such revenue is disaggregated as follows:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------|------------------|
| Marriage license and perpetrator fees | \$ 68,432 | \$ 44,931 |
| ATV class fees | 49,996 | 34,325 |
| Health insurance assistance | <u>50,395</u> | <u>-</u> |
| Total fees for services | <u>\$ 168,823</u> | <u>\$ 79,256</u> |

No fees for services revenue had been deferred as of June 30, 2022 and 2021 as all performance obligations had been satisfied at year end.

The following table provides information about significant changes to deferred revenue related to refundable advances from grantors in advance of incurring reimbursable costs for the years ended June 30, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|--|------------------|-----------------|
| Refundable advances, beginning of year | \$ 27,086 | \$ 34,962 |
| Revenue recognized that was included in refundable advances at the beginning of the year | (27,086) | (34,962) |
| Increases in deferred revenue due to cash received in advance of incurring qualifying reimbursable costs | <u>103,625</u> | <u>27,086</u> |
| Refundable advances, end of year | <u>\$103,625</u> | <u>\$27,086</u> |

SUPPLEMENTARY INFORMATION

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)
Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

| Federal Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Federal Expenditures | Passed Through to Subrecipients |
|---|---------------------------|---|-------------------------|---------------------------------------|
| <u>U.S. Department of Education</u> | | | | |
| <i>Passed Through State of California Department of Education, Expanded Learning Division, 1430 N Street, Suite 3400, Sacramento, CA 95814 (916) 319-0923</i> | | | | |
| 21st Century Community Learning Centers Program (Core) | 84.287 | 57 14535 A7-2A | 319,862 | \$ 103,339 |
| <u>U.S. Department of Treasury</u> | | | | |
| <i>Passed through Local Initiatives Support Corporation, 28 Liberty Street, New York, New York 10005 (916) 243-5538</i> | | | | |
| Emergency Rental Assistance Program | 21.023 | ERA0003 | 21,723 | - |
| <u>U.S. Department of Housing and Urban Development</u> | | | | |
| <i>Passed Through State of California Department of Housing and Community Development, 2020 West El Camino Avenue, P.O. Box 95254 (916) 263-2771</i> | | | | |
| Emergency Solutions Grant | 14.231 | 19-ESG-13137 | 45,101 | - |
| Emergency Solutions Grant | 14.231 | 20-ESG-15597 | 138,630 | - |
| Emergency Solutions Grant | 14.231 | 21-ESG-15025 | 8,317 | - |
| Emergency Solutions Grant Coronavirus 1 - Homeless Prevention | 14.231 | NA | 75,115 | - |
| Emergency Solutions Grant Coronavirus 1 - Rapid Rehousing | 14.231 | NA | 35,461 | - |
| Emergency Solutions Grant Coronavirus 2 - Rapid Rehousing | 14.231 | NA | 109,614 | - |
| Total U.S. Department of Housing and Urban Development | | | 412,238 | - |
| <u>U.S. Department of Health and Human Services</u> | | | | |
| <i>Passed Through City of Davis, City Managers' Office, 23 Russell Blvd, Davis, CA 95616 (530) 757-5602</i> | | | | |
| Community Development Block Grant - Davis Shelter | 93.569 | NA | 11,324 | - |
| <i>Passed Through City of Woodland, Community Services Department, City of Woodland, 2001 East Street, Woodland, CA 95776 (530) 661-5927</i> | | | | |
| Community Development Block Grant - Woodland Shelter | 93.569 | NA | 7,736 | - |
| <i>Passed Through City of Woodland, Community Services Department, City of Woodland, 2001 East Street, Woodland, CA 95776 (530) 661-5927</i> | | | | |
| Community Development Block Grant - Woodland Shelter | 93.569 | NA | 20,000 | - |
| Total U.S. Department of Health and Human Services | | | 39,060 | - |
| <u>U.S. Department of Justice</u> | | | | |
| <i>Passed Through State of California Office of Emergency Services, Victim Services Branch, 3650 Schriever Ave., Mather, CA 95655 (916) 845-8280</i> | | | | |
| Child Abuse Treatment (AT) 20 | 16.575 | AT 20 01 1034 | 124,269 | - |
| Child Abuse Treatment (AT) 21 | 16.575 | AT 21 02 1034 | 161,443 | - |
| Domestic Violence Assistance Program | 16.575 | DV 20 17 1034 | 659,884 | - |
| Rape Crisis Program | 16.575 | RC 20 40 1034 | 102,655 | - |
| Rape Crisis Program | 16.575 | RC 20 41 1034 | 286,435 | - |
| Specialized Emergency Housing Program (KE) | 16.575 | KE 20 03 0570 | 68,580 | - |
| Specialized Emergency Housing Program (KE) | 16.575 | KE 21 04 0570 | 150,225 | - |
| Victim Advocacy in Detention Center (KA) | 16.575 | KA 20 03 1034 | 57,658 | - |
| Victim Advocacy in Detention Center (KA) | 16.575 | KA 21 04 1034 | 122,133 | - |
| County Victim Services Program (XC) | 16.575 | XC 20 03 0570 | 87,038 | - |
| County Victim Services Program (XC) | 16.575 | XC 21 04 0570 | 82,625 | - |
| Sexual Assault Response Team Program (XS) | 16.575 | XS 21 01 1034 | 32,993 | - |
| Unserved/Understerved Child and Youth Advocacy Program (XY) | 16.575 | XY 21 01 1034 | 46,997 | - |
| Transitional Housing Program | 16.575 | XH 20 03 0570 | 52,313 | - |
| Transitional Housing Program | 16.575 | XH 21 04 1034 | 60,118 | - |
| Total U.S. Department of Justice | | | 2,095,366 | - |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 2,568,387 | \$ 103,339 |

See accompanying note to this schedule

EMPOWER YOLO, INC.
Schedule of Expenditures
California Governor's Office of Emergency Services Grants
Year Ended June 30, 2022

| | <u>AT 21 02 1034</u> | <u>AT 20 01 1034</u> | <u>DV 20 17 1034</u> | <u>XY 21 01 1034</u> | <u>RC 21 41 1034</u> | <u>RC 20 40 1034</u> | <u>XH 20 03 0570</u> | <u>XH 21 04 1034</u> | <u>KA 20 03 1034</u> | <u>KA 21 04 1034</u> | <u>KE 20 03 0570</u> | <u>KE 21 04 0570</u> | <u>XC 21 04 0570</u> | <u>XC 20 03 0570</u> | <u>XS 21 01 1034</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues and support: | | | | | | | | | | | | | | | |
| Government grants and contract | \$ 161,443 | \$ 124,269 | \$ 657,997 | \$ 46,997 | \$ 286,435 | \$ 102,655 | \$ 52,655 | \$ 64,500 | \$ 57,658 | \$ 122,153 | \$ 68,580 | \$ 150,225 | \$ 87,038 | \$ 82,625 | \$ 32,993 |
| Donated goods and services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total revenues and support | <u>161,443</u> | <u>124,269</u> | <u>657,997</u> | <u>46,997</u> | <u>286,435</u> | <u>102,655</u> | <u>52,655</u> | <u>64,500</u> | <u>57,658</u> | <u>122,153</u> | <u>68,580</u> | <u>150,225</u> | <u>87,038</u> | <u>82,625</u> | <u>32,993</u> |
| Expenses: | | | | | | | | | | | | | | | |
| Personnel expenses | 76,274 | 65,500 | 611,825 | 28,368 | 247,396 | 94,230 | 28,001 | 24,336 | 55,878 | 109,285 | 60,437 | 129,160 | 86,896 | 82,625 | 27,569 |
| Other operating expenses | 85,171 | 58,770 | 48,059 | 18,631 | 39,880 | 8,703 | 24,312 | 35,782 | 1,785 | 12,848 | 9,332 | 21,230 | 192 | - | 5,427 |
| In-kind match | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total expenses | <u>161,445</u> | <u>124,270</u> | <u>659,884</u> | <u>46,999</u> | <u>287,276</u> | <u>102,933</u> | <u>52,313</u> | <u>60,118</u> | <u>57,663</u> | <u>122,133</u> | <u>69,769</u> | <u>150,390</u> | <u>87,088</u> | <u>82,625</u> | <u>32,996</u> |
| Excess of expenses (over) under revenue | <u>\$ (2)</u> | <u>\$ (1)</u> | <u>\$ (1,887)</u> | <u>\$ (2)</u> | <u>\$ (841)</u> | <u>\$ (278)</u> | <u>\$ 342</u> | <u>\$ 4,382</u> | <u>\$ (5)</u> | <u>\$ 20</u> | <u>\$ (1,189)</u> | <u>\$ (165)</u> | <u>\$ (50)</u> | <u>\$ -</u> | <u>\$ (3)</u> |

EMPOWER YOLO, INC.

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

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, 2019. 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.

OTHER REPORTS



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**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, 2022, 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 30, 2023.

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.

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.

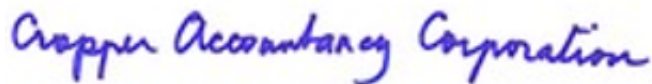
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-01, that we consider to be a material weakness.

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 30, 2023



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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 the *OMB 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, 2022. 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 to 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, 2022.

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 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's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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.

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

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

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

March 30, 2023

EMPOWER YOLO, INC.
(A Nonprofit Corporation)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I – Summary of Auditors’ Results

| | |
|--|---|
| <u>Financial Statements</u> | |
| Type of auditors’ report issued | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | Yes |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 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? | No |
| Type of auditors’ report issued on compliance for major program | Unmodified |
| 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> 16.575 | <u>Name of Federal Program or Cluster</u> Domestic Violence Assistance; Child Abuse Treatment; Rape Crisis Services; Victim Advocacy in Detention Center; Transitional Housing; Specialized Emergency Housing; County Victim Services; Sexual Assault Response Team; Unserved and Underserved Child and Youth Advocacy |
| 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, 2022

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| Section II – Financial Statement Findings |
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Finding 2022-01 INTERNAL CONTROL OVER FINANCIAL REPORTING: REVENUE RECOGNITION – material weakness

Criteria: Promises to give are recorded when unconditionally promised.

Unreimbursed costs billable to certain grants should be recorded as a receivable in the period the costs were incurred (to match revenues and expense).

Cash received from grantors in advance of costs incurred should be recognized as deferred revenue.

Earned revenue, including fees for services, should be accrued when all performance obligations have been satisfied.

Donated goods and services, including rent, should be recorded when received according to GAAP recognition criteria.

Condition: Promises to give made in fiscal 2022 had not been recorded when unconditionally promised.

Certain grant refundable advances had been recorded as revenue rather than deferred revenue.

Due to certain expenses that were incurred and reimbursable in fiscal 2022 but had not yet been accrued, the corresponding grant receivable had not been recorded in the correct fiscal year.

While clothing closet donations had been tracked and recorded each month in fiscal 2022, other household goods, donated services, and donated rent had not been recorded as per GAAP.

Certain earned revenues had not been recorded in the correct fiscal year and/or were recorded as grant revenues rather than earned revenues. Earned revenues have different revenue recognition criteria than grants and contributions and are recorded when performance obligations have been satisfied under ASC 606. In addition, other earned revenue for fiscal 2022 had not been recorded in the correct fiscal year, but on the cash basis of accounting.

Questioned Cost: None

Effect: There were a large number of audit adjustments to each category of revenue; certain revenue adjustments were material.

Cause: Staff processing billings and cash receipts have not been adequately trained on GAAP revenue recognition criteria.

EMPOWER YOLO, INC.
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Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

A reconciliation of the development database to the general ledger is not performed periodically.

The grant bridging analysis did not reflect all cost reimbursement grants as of June 30, 2022. That analysis was not used to accrue reimbursable costs in excess of revenues at year end.

A senior management review of the Qb Job Report was not performed to complement the review of the grant bridging document and Schedule of Expenditures of Federal Awards.

Recommendation: Personnel who process and/or record billings and cash receipts should be trained and understand GAAP revenue recognition criteria. The criteria vary according to the revenue type (contracts with customers versus gifts and contributions; donated goods versus donated services, etc.).

In addition, desk procedures for each type of revenue stream can be modified to address how to process and record revenue based on revenue recognition criteria.

All promises to give should be recorded in the development database when unconditionally promised, regardless of when the cash is received or when donor restrictions have been satisfied. A periodic reconciliation of the development database to gifts and contributions (including certain grants) should be performed in order to improve the completeness, accuracy, and classification of revenue recognition.

All refundable advances should be recorded as deferred revenue until the gift conditions have been met or reimbursable costs have been incurred.

All types of in-kind goods and certain in-kind services should be recognized as revenue and related expense. The journal entry for in-kind goods and services and related support should be independently reviewed and approved each month.

A revenue docket is often helpful to document consideration of performance obligations and when those obligations were satisfied prior to contract revenue recognition (ASC 606).

The grant bridging document (and associated QuickBooks Job Report) should be independently reviewed and approved by program managers to ensure the following:

- The grant bridging document reflects all cost reimbursement grants
- Receivables have been recognized for the excess of costs incurred over revenue in the correct fiscal year
- Deferred revenues have been recognized for the excess of revenues over costs incurred in the correct fiscal year

EMPOWER YOLO, INC.
(A Nonprofit Corporation)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

- The Schedule of Expenditures of Federal Awards is accurate and complete and reflects all federal pass-through grants
- Revenue classification within the Job Report is proper and reasonable
- Grant reporting is based on the Job Report; The job report is periodically reconciled to reports provided by the grantor

Status The Corrective Action Plan has been developed by Empower Yolo and included on pages 29 - 30.

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| Section III – Findings and Questioned Costs for Federal Awards |
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None.

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| Section IV – Status of Prior Year Findings |
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None.



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Executive Director

March 29, 2023

Cropper Accountancy Corporation
2977 Ygnacio Valley Road #460
Walnut Creek, CA 94598

Re: FY-2022 Corrective Action Plan

Finding 2022-01

We have taken the following actions to remediate this finding.

The Internal Controls have been updated to include the following language in the responsibilities assigned to each position:

Chief Finance officer

- Review the Job Report to complement the review of the grant bridging document and Schedule of Expenditures of Federal Awards.

Finance Manager

- Ensures that costs are recorded as receivable in the period the costs were incurred (to match revenues and expense).
- Ensures cash received from grantors in advance of costs incurred is recognized as deferred revenue.
- Reconciles donation database with the Finance Manager monthly.
- Receives in-kind donation reports from the Grants Manager and records in-kind donations, including donated rent, monthly.

Grants Manager

- When payments are received for grants, ensures that checks match the invoiced amount and were recorded with the appropriate grant. Compares grant receivable to monthly budget summary reports.
- Ensures in-kind donation reports from each site are compiled monthly and given to the finance manager for recording, including in-kind rent.

Program Managers

- Ensures that in-kind donations are properly logged and turned into the finance manager.



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Additionally the Finance Manager and the Grants Manager will read Nonprofit Revenue Recognition Parts 1 and 2 from the Nonprofit Accounting Academy*, and request additional training if necessary.

Sincerely,

A handwritten signature in blue ink that reads "Lynnette Irlmeier". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Lynnette Irlmeier

* <https://nonprofitaccountingacademy.com/nonprofit-revenue-recognition-part-1-of-2/>