

EL NIDO FAMILY CENTERS

REPORTS REQUIRED BY
TITLE 2 U.S. CODE OF FEDERAL REGULATIONS
(CFR) PART 200, UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AND AUDIT
REQUIREMENTS FOR FEDERAL AWARDS
(UNIFORM GUIDANCE)

YEAR ENDED JUNE 30, 2020

EL NIDO FAMILY CENTERS

REPORTS REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS
(CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST
PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS
(UNIFORM GUIDANCE)

YEAR ENDED JUNE 30, 2020

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**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**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Nido Family Centers

We have audited 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, the financial statements of El Nido Family Centers (El Nido), which comprise the statement of financial position as of June 30, 2020, 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 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Nido'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 El Nido's internal control. Accordingly, we do not express an opinion on the effectiveness of El Nido's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Directors
El Nido Family Centers

Compliance and Other Matters

As part of obtaining reasonable assurance about whether El Nido'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Green Hasson & Janks LLP

March 12, 2021
Los Angeles, California



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Nido Family Centers

Report on Compliance for Each Major Federal Program

We have audited El Nido Family Centers (El Nido) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of EL Nido's major federal programs for the year ended June 30, 2020. El Nido's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of El Nido'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 (CFR) 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 El Nido'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 El Nido's compliance.

Opinion on Each Major Federal Program

In our opinion, El Nido 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, 2020.

To the Board of Directors
El Nido Family Centers

Report on Internal Control over Compliance

Management of El Nido is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered El Nido'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 El Nido'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material 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.

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.

Green Hasson & Janks LLP

March 12, 2020
Los Angeles, California

EL NIDO FAMILY CENTERS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	U.S. Department of Health and Human Services: Administration for Children and Families Early Head Start

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

Auditee qualified as low-risk auditee? Yes No

EL NIDO FAMILY CENTERS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

SECTION II - FINANCIAL STATEMENTS FINDINGS

There were no current year audit findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year federal award findings or questioned costs.

APPENDIX

EL NIDO FAMILY CENTERS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

EL NIDO FAMILY CENTERS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Nido Family Centers

Report on the Financial Statements

We have audited the accompanying financial statements of El Nido Family Centers (a nonprofit organization) (El Nido), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

To the Board of Directors
El Nido Family Centers

Emphasis of Matter

As discussed in Note 13 to the financial statements, the recent Covid-19 pandemic in the United States and worldwide has resulted in reduced economic activity and market declines. As the extent and duration of the future impact to El Nido are uncertain, no adjustments were necessary to the financial statements, and our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited El Nido's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2021 on our consideration of El Nido'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 El Nido's internal control over financial reporting and compliance.

Green Hasson & Janks LLP

March 12, 2021
Los Angeles, California

EL NIDO FAMILY CENTERS

STATEMENT OF FINANCIAL POSITION
Year Ended June 30, 2020
With Summarized Totals at June 30, 2019

ASSETS	2020			2019 Total
	Without Restrictions	With Donor Restrictions	Total	
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 1,193,109	\$ -	\$ 1,193,109	\$ (38,734)
Restricted Cash	230,647	-	230,647	208,110
Investments	1,223,481	629,171	1,852,652	1,721,861
Accounts Receivable	2,104,064	-	2,104,064	2,107,207
Contributions and Pledges Receivable	-	222,441	222,441	92,966
Prepaid Expenses	96,164	-	96,164	85,375
TOTAL CURRENT ASSETS	4,847,465	851,612	5,699,077	4,176,785
OTHER ASSETS:				
Investments - Endowment	-	111,146	111,146	111,146
Property and Equipment (Net)	55,803	-	55,803	117,531
TOTAL OTHER ASSETS	55,803	111,146	166,949	228,677
TOTAL ASSETS	\$ 4,903,268	\$ 962,758	\$ 5,866,026	\$ 4,405,462
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts Payable	\$ 320,771	\$ -	\$ 320,771	\$ 377,252
Accrued Liabilities	511,631	-	511,631	456,996
Deferred Revenue	143,280	-	143,280	112,282
Line of Credit	-	-	-	278,191
TOTAL CURRENT LIABILITIES	975,682	-	975,682	1,224,721
OTHER LIABILITIES:				
Paycheck Protection Program Loan	1,463,400	-	1,463,400	-
Accrued Pension Liability	530,288	-	530,288	610,056
TOTAL OTHER LIABILITIES	1,993,688	-	1,993,688	610,056
TOTAL LIABILITIES	2,969,370	-	2,969,370	1,834,777
NET ASSETS:				
Without Donor Restrictions	1,933,898	-	1,933,898	1,893,356
With Donor Restrictions	-	962,758	962,758	677,329
TOTAL NET ASSETS	1,933,898	962,758	2,896,656	2,570,685
TOTAL LIABILITIES AND NET ASSETS	\$ 4,903,268	\$ 962,758	\$ 5,866,026	\$ 4,405,462

The Accompanying Notes are an Integral Part of These Financial Statements

EL NIDO FAMILY CENTERS

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

With Summarized Totals for the Year Ended June 30, 2019

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT:				
Government Contracts (Including First 5 LA)	\$ 10,642,426	\$ -	\$ 10,642,426	\$ 10,034,367
Contributions	453,881	923,699	1,377,580	651,725
Investment Return	104,913	6,294	111,207	149,532
Special Events (Net of Direct Event Expenses of \$116,671)	87,266	-	87,266	128,137
In-Kind Donations	81,541	-	81,541	23,173
Miscellaneous	1,110	-	1,110	1,617
Net Assets Released from Donor Restrictions	644,564	(644,564)	-	-
TOTAL REVENUE AND SUPPORT	12,015,701	285,429	12,301,130	10,988,551
EXPENSES:				
Program Services	10,497,484	-	10,497,484	9,893,861
Support Services	1,469,917	-	1,469,917	1,480,327
TOTAL EXPENSES	11,967,401	-	11,967,401	11,374,188
CHANGE IN NET ASSETS BEFORE PENSION COST	48,300	285,429	333,729	(385,637)
Pension-Related Change	(7,758)	-	(7,758)	(27,256)
CHANGE IN NET ASSETS	40,542	285,429	325,971	(412,893)
Net Assets - Beginning of Year	1,893,356	677,329	2,570,685	2,983,578
NET ASSETS - END OF YEAR	\$ 1,933,898	\$ 962,758	\$ 2,896,656	\$ 2,570,685

The Accompanying Notes are an Integral Part of These Financial Statements

EL NIDO FAMILY CENTERS

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020
With Summarized Totals for the Year Ended June 30, 2019

	2020										2019 Total
	Program Services					Support Services					
	Child Abuse Prevention and Treatment	Parent Education and Family Development	Teen Parent Family Services	Youth Development	Total Program Services	Administrative	Fundraising	Total Support Services	Total		
Salaries	\$ 260,220	\$ 2,000,773	\$ 3,017,010	\$ 522,099	\$ 5,800,102	\$ 700,982	\$ 165,139	\$ 866,121	\$ 6,666,223	\$ 6,398,086	
Payroll Taxes	19,824	150,765	224,463	38,694	433,746	53,678	10,783	64,461	498,207	482,379	
Employee Benefits	26,595	275,875	460,775	79,027	842,272	105,348	20,998	126,346	968,618	998,384	
TOTAL PERSONNEL COSTS	306,639	2,427,413	3,702,248	639,820	7,076,120	860,008	196,920	1,056,928	8,133,048	7,878,849	
Subcontractors and Interns	-	230,092	773,739	17,300	1,021,131	18,025	-	18,025	1,039,156	937,704	
Client Expenses	111	296,272	295,172	33,415	624,970	-	135	135	625,105	473,327	
Occupancy	23,528	178,783	285,825	109	488,245	54,343	5,549	59,892	548,137	488,724	
Equipment Maintenance	5,179	69,217	74,205	15,161	163,762	40,734	3,795	44,529	208,291	264,676	
Building Maintenance	4,523	139,615	32,927	21,097	198,163	4,112	634	4,746	202,909	231,768	
Professional Fees	1,905	14,632	21,836	3,782	42,155	9,360	149,114	158,474	200,629	233,995	
Supplies	2,483	75,229	66,239	12,390	156,341	23,420	3,331	26,751	183,092	195,118	
Staff Training and Meetings	461	35,989	94,525	458	131,433	21,725	272	21,997	153,430	128,035	
Equipment	-	60,801	40,381	11,910	113,092	4,213	704	4,917	118,009	-	
Telecommunications	3,974	38,086	62,662	7,105	111,827	4,753	464	5,216	117,043	108,316	
Travel and Auto Expenses	3,501	28,040	55,044	9,110	95,695	3,335	9	3,344	99,039	130,670	
In-Kind Expenses	-	81,541	-	-	81,541	-	-	-	81,541	23,173	
Insurance	1,928	24,070	31,951	5,904	63,853	11,949	1,132	13,081	76,934	68,420	
Bank, Investment and Payroll Services	932	11,577	16,009	3,002	31,519	17,333	6,688	24,021	55,540	58,638	
Postage	243	3,988	11,216	1,409	16,856	4,333	606	4,939	21,795	16,663	
Other	-	660	461	-	1,121	10,281	-	10,281	11,402	22,837	
Staff Recruitment	722	7,627	5,430	370	14,148	1,365	-	1,365	15,513	9,344	
Membership Dues and Subscriptions	-	6,266	1,948	-	8,214	1,912	1,356	3,268	11,482	15,813	
Temporary Employment Services	-	-	3,578	-	3,578	-	-	-	3,578	-	
Equipment Lease	-	-	-	-	-	-	-	-	-	21,879	
Relocation and Moving Expenses	-	-	-	-	-	-	-	-	-	2,458	
TOTAL BEFORE DEPRECIATION	356,129	3,729,899	5,575,396	782,341	10,443,764	1,091,200	370,708	1,461,909	11,905,673	11,310,407	
Depreciation	1,842	18,992	28,839	4,047	53,720	6,091	1,917	8,008	61,728	63,781	
TOTAL 2020 FUNCTIONAL EXPENSES	<u>\$ 357,971</u>	<u>\$ 3,748,891</u>	<u>\$ 5,604,235</u>	<u>\$ 786,388</u>	<u>\$ 10,497,484</u>	<u>\$ 1,097,291</u>	<u>\$ 372,625</u>	<u>\$ 1,469,917</u>	<u>\$ 11,967,401</u>		
					88%	9%	3%	12%	100%		
TOTAL 2019 FUNCTIONAL EXPENSES	<u>\$ 449,269</u>	<u>\$ 3,350,872</u>	<u>\$ 5,346,435</u>	<u>\$ 747,285</u>	<u>\$ 9,893,861</u>	<u>\$ 1,122,735</u>	<u>\$ 357,592</u>	<u>\$ 1,480,327</u>		<u>\$ 11,374,188</u>	
					87%	10%	3%	13%		100%	

The Accompanying Notes are an Integral Part of These Financial Statements

EL NIDO FAMILY CENTERS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

With Summarized Totals for the Year Ended June 30, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 325,971	\$ (412,893)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	61,728	63,781
Net Realized and Unrealized Gains on Investments	(55,639)	(97,719)
(Increase) Decrease in:		
Accounts Receivable	3,143	34,608
Contributions and Pledges Receivable	(129,475)	346,750
Prepaid Expenses	(10,789)	5,254
Increase (Decrease) in:		
Accounts Payable	(56,481)	(17,545)
Accrued Liabilities	54,635	151,900
Deferred Revenue	30,998	(211,814)
Accrued Pension Liability	(79,768)	(59,073)
	144,323	(196,751)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
	144,323	(196,751)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	-	(9,801)
Reinvested Interest and Dividends	(55,567)	(51,813)
Proceeds on Sale of Investments	679,000	174,847
Purchases of Investments	(698,585)	-
	(75,152)	113,233
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
	(75,152)	113,233
CASH FLOWS FROM FINANCING ACTIVITIES:		
Paycheck Protection Loan Proceeds	1,463,400	-
Net (Repayments) Borrowings on Line of Credit	(278,191)	54,691
	1,254,380	(28,827)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	1,254,380	(28,827)
Cash and Cash Equivalents - Beginning of Year	169,376	198,203
	\$ 1,423,756	\$ 169,376
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR		
	\$ 1,423,756	\$ 169,376
Cash and Cash Equivalents	\$ 1,193,109	\$ (38,734)
Restricted Cash	230,647	208,110
	\$ 1,423,756	\$ 169,376
TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
	\$ 1,423,756	\$ 169,376

The Accompanying Notes are an Integral Part of These Financial Statements

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 - ORGANIZATION

El Nido Family Centers (El Nido) was established in 1925 and incorporated as a not-for-profit organization in the State of California in 1954. Concerned with the welfare of children and youth, El Nido provides counseling, family life education and service coordination to children, adolescents and families in the most disadvantaged communities throughout Los Angeles County. Since 1925, El Nido has worked to help make families stronger so they can have healthier, more productive futures.

El Nido serves pregnant teenagers and young parents, families or individuals affected by child abuse, youth facing problems in school, at home or with the law, and parents struggling to raise their children.

El Nido operates four major program areas:

- **Teen Parent Family Services.** This program area offers a variety of services to pregnant or parenting adolescents and their babies and helps young children develop cognitively and behaviorally so they will be successful in school as well as in life in general.
- **Child Abuse Prevention and Treatment.** This program area focuses on abused children in an effort to reduce trauma and symptoms and heal emotional wounds. It also focuses on the family to prevent the causes of abusive behavior and enhance family functioning.
- **Parent Education and Family Development.** Programs in this area are designed to increase parenting skills and knowledge and improve the quality of parent-child relations.
- **Youth Development.** This program area provides counseling, education and social activities in an attempt to reduce the incidence of teenage pregnancy, juvenile crime and gang violence among youth by strengthening their support networks including his or her family, school and community.

El Nido receives funds from federal, state, local and private funding sources.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence of absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions.
- **Net Assets with Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

(c) CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2020 approximates its fair value.

El Nido maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. El Nido has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted cash includes funds required to be set aside for an unemployment reserve and a workers' compensation self-insurance reserve. The restricted cash balance at June 30, 2020 is \$230,647.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments are made according to the investment policies adopted by El Nido's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities with performance measured against appropriate indices. The investments are managed by outside investment managers contracted by El Nido.

(e) ACCOUNTS RECEIVABLE

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, type of funding source, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2020, all accounts receivable are receivables from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE

El Nido recognizes grants and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest are received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. There were no conditional promises to give at June 30, 2020. Pledges receivable at June 30, 2020 are due in their entirety within one year. El Nido evaluated the collectability of pledges receivable at June 30, 2020 and determined that no allowance for doubtful pledges was needed.

(g) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, as follows:

Leasehold Improvements	Lease Term
Office Equipment	5 Years
Computer Equipment	3 - 5 Years
Vehicles	5 Years

Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than three years.

(h) LONG-LIVED ASSETS

El Nido reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2020.

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) DEFERRED REVENUE

Deferred revenue includes amounts received for government contracts in excess of program costs. Deferred revenue is recorded as revenue in the period in which the related services are rendered and program costs are incurred.

(j) CONCENTRATIONS

During the year ended June 30, 2020, El Nido earned \$4,290,777 (35% of total revenue and support) under contracts administered by the U.S. Department of Health and Human Services. El Nido anticipates that it will continue to run these programs. There can be no assurance that El Nido will be able to obtain future grant agreements at the same level of funding upon the expiration of the current term of the contracts.

The primary accounts receivable balance outstanding at June 30, 2020 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to accounts receivable is limited, as the majority of El Nido's receivables consist of earned fees from contract programs granted by governmental agencies.

El Nido holds investments in the form of mutual funds. Market values of such investments are routinely reviewed by the Finance Committee of the Board of Directors.

(k) PAYCHECK PROTECTION PROGRAM LOAN

Management has elected to account for the forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a debt instrument and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the El Nido has been legally released or (2) El Nido repays the loan to the lender.

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) DONATED MATERIALS AND SERVICES

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. El Nido recognized \$81,541 of in-kind services during the year ended June 30, 2020.

(m) INCOME TAXES

El Nido is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the Financial Accounting Standards Board (FASB) ASC Topic No. 740, *Uncertainty in Income Taxes*, El Nido recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2020, El Nido performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

(n) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing El Nido's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. El Nido uses proportional salary dollars to allocate indirect costs.

(o) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with El Nido's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

(q) NEW ACCOUNTING PRONOUNCEMENTS

In June 2018, FASB issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance. El Nido implemented the ASU during the year ended June 30, 2020.

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which improves and converges the revenue recognition requirements of U.S. GAAP and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on principal versus agent considerations, licensing implementation guidance, scope exceptions, and various other narrow aspects, as identified and addressed in such updates. For El Nido, the ASU and subsequent amendments will be effective for the year ending June 30, 2021.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) NEW ACCOUNTING PRONOUNCEMENTS (continued)

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For El Nido, the ASU will be effective for the year ending June 30, 2022.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the financial statements. For El Nido, the ASU will be effective for the year ending June 30, 2023.

(r) SUBSEQUENT EVENTS

El Nido has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2020 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through March 12, 2021, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

El Nido has implemented the fair value accounting standard. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices in active markets, interest rates and yield curves. Fair values determined by Level 3 utilize unobservable inputs for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table presents information about El Nido's assets that are measured at fair value on a recurring basis at June 30, 2020 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Mutual Funds	\$ 787,636	\$ 787,636	\$ -	\$ -
Exchange Traded Funds	650,954	650,954	-	-
Equity Mutual Funds	435,358	435,358	-	-
Cash Equivalents	89,850	89,850	-	-
TOTAL INVESTMENTS	\$ 1,963,798	\$ 1,963,798	\$ -	\$ -

The fair values of investments within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

El Nido recognizes transfers at the beginning of each reporting period. Transfers between Level 1 and 2 investments generally relate to whether a market becomes active or inactive. Transfers between Level 2 and 3 investments generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety and when redemption rules become more or less restrictive. There were no transfers between levels during the year ended June 30, 2020.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 consist of the following:

Leasehold Improvements	\$ 261,684
Office Equipment	82,915
Computer Equipment	24,858
TOTAL	369,457
Less: Accumulated Depreciation	(313,654)
PROPERTY AND EQUIPMENT (NET)	\$ 55,803

Depreciation expense for the year ended June 30, 2020 was \$61,728.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2020 consist of the following:

Accrued Vacation	\$	146,998
Accrued Subcontractor Expenses		171,226
Other Accrued Expenses		<u>193,407</u>
TOTAL ACCRUED LIABILITIES	\$	<u>511,631</u>

NOTE 6 - EMPLOYEE BENEFIT PLANS

El Nido has a defined benefit plan (the plan) that covers all eligible employees of El Nido who have completed twelve consecutive months with one thousand or more hours of service. The plan is funded in accordance with the Employee Retirement Income Security Act of 1974. Plan assets, which include a combination of cash and cash equivalents, certificates of deposit, U.S. Government securities, corporate debt instruments and corporate stocks are held by a trustee and are not accessible for non-pension purposes.

During the year ended June 30, 2005, there was a plan curtailment as a result of the plan amendment adopted effective July 1, 2004. El Nido's management, with the approval of the Board of Directors, agreed to cease further benefit accruals under the plan.

The changes in the defined benefit plan obligation, plan assets and the amounts recognized in the financial statements are as follows:

The changes in the postretirement healthcare benefit obligation, plan assets and the amounts recognized in the financial statements are as follows:

Accrued Postretirement Benefit Obligation at July 1, 2020	\$	2,765,851
Interest Cost		137,459
Assumption Changes		(31,109)
Actuarial Loss		21,248
Benefits Paid		<u>(75,836)</u>
ACCRUED POSTRETIREMENT BENEFIT OBLIGATION AT JUNE 30, 2020	\$	<u>2,817,613</u>

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - EMPLOYEE BENEFIT PLANS (continued)

Fair Value of Plan Assets at July 1, 2020	\$ 2,156,896
Actual Return on Plan Assets	134,451
Employer Contribution	71,814
Benefits Paid	<u>(75,836)</u>
<i>FAIR VALUE OF PLAN ASSETS AT JUNE 30, 2020</i>	<u>\$ 2,287,325</u>

The following table sets forth the plan's funded status and amounts recognized in El Nido's statement of financial position at June 30, 2020:

ACTUARIAL PRESENT VALUE OF BENEFIT OBLIGATION:	
Accumulated Benefit Obligation	<u>\$ 2,817,613</u>
Plan Assets at Fair Value	\$ 2,287,325
Projected Benefit Obligation	<u>(2,817,613)</u>
<i>ACCRUED PENSION LIABILITY</i>	<u>\$ (530,288)</u>

The net periodic pension cost for the year ended June 30, 2020 includes the following components:

Interest Cost	\$ 137,459
Expected Return on Plan Assets	(107,744)
Amortization of Transition Obligations	8,841
Amortization of Actuarial Loss	<u>1,350</u>
<i>NET PERIODIC PENSION COST</i>	<u>\$ 39,906</u>
Employer Contributions	\$ 71,814
Benefits Paid	75,836
Weighted Average Assumptions:	
Discount Rates:	
Pre-Retirement	5.09%
Post-Retirement	5.09%
Expected Return on Plan Assets	5.00%
Rate of Compensation Increase	0.00%

The pension-related change of \$7,758, which includes the net periodic pension cost above, is reflected as a separate line item in the statement of activities.

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - EMPLOYEE BENEFIT PLANS (continued)

The expected long-term rate of return on plan assets was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on El Nido’s investment policy for the pension plan, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical thirty-year-period rolling averages.

Benefits expected to be paid as of June 30, 2020 are:

Years Ending June 30

2021	\$	135,727
2022		144,143
2023		144,316
2024		157,480
2025		171,847
Five Years Thereafter		915,299

Plan assets consist primarily of listed securities and the percentage of the fair value of total plan assets of each major category of plan assets at the measurement date are as follows:

	Year Ended June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Mutual Funds	\$ 917,581	\$ 917,581	\$ -	\$ -
Exchange Traded Funds	767,574	767,574	-	-
Equity Mutual Funds	490,290	490,290	-	-
Cash Equivalents	111,880	111,880	-	-
TOTAL INVESTMENTS	\$ 2,287,325	\$ 2,287,325	\$ -	\$ -

The fair values of investments within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The investment strategy of El Nido has the following objectives:

- To achieve a balanced return of current income and appropriate growth of principal.
- To achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve the purchasing power of plan assets.
- To preserve capital and minimize costs.

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - EMPLOYEE BENEFIT PLANS (continued)

Risk control is an important element in the investment of plan assets and is achieved through a diversified target allocation and the prohibition of investing in commodities and futures contracts, derivative instruments, private placements, options, limited partnerships, and venture-capital investments. In addition, short selling and margin transactions are prohibited.

401(k) Retirement Plan

El Nido sponsors a 401(k) retirement plan for the benefit of its employees who are at least 18 years of age. Employees may contribute a percentage of their compensation to the plan up to the maximum permitted under law. El Nido contributes to the plan on a discretionary basis, and such employer contributions are subject to the plan's vesting rules. For the year ended June 30, 2020, El Nido did not contribute to the plan during the year ended June 30, 2020.

NOTE 7 - LINE OF CREDIT

El Nido has a revolving line of credit with a bank in the amount of \$1,000,000 that will expire in May 2021. The line of credit is secured by personal property and bears interest at the greater of a floating rate equal to prime plus 1% or 6%. At June 30, 2020, there was no outstanding borrowings on this line of credit. The prime rate at June 30, 2020 was 3.25%.

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN

On April 29, 2020, El Nido received a PPP loan in the amount of \$1,463,400. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA. If El Nido does not apply for forgiveness within 10 months after the last day of the covered period (defined, at El Nido's election, as either 8 weeks or 24 weeks), such payments will be due that month.

El Nido intends to apply for forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period. To the extent that all or part of the PPP loan is not forgiven, El Nido will be required to pay interest on the PPP loan at a rate of 1.0% per annum. The terms of the PPP loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events.

At June 30, 2020 the total outstanding balance of the PPP loan was \$1,463,400.

EL NIDO FAMILY CENTERS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 9 - COMMITMENTS AND CONTINGENCIES

(a) OBLIGATIONS UNDER OPERATING LEASES

El Nido leases various facilities under operating leases with various terms expiring through April 2023. Future minimum payments, by year, and in the aggregate, under these leases consist of the following:

Year Ending June 30

2021	\$	228,941
2022		72,467
2023		49,759
TOTAL	\$	351,167

Rent expense under operating leases for the year ended June 30, 2020 was \$536,938, which is included in occupancy expense.

(b) CONTRACTS

El Nido's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, El Nido has no provisions for the possible disallowance of program costs on its financial statements.

(c) LEGAL PROCEEDINGS

In the ordinary course of conducting its business, El Nido becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against El Nido which, from time to time, may have an impact on changes in net assets. El Nido does not believe that these proceedings, individually or in the aggregate, are material to the accompanying financial statements.

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 are restricted for the following purposes:

Emergency Assistance	\$	268,181
Ask Harold/Harold Cares		253,021
Business Academy/Technology Education		128,005
Census		117,405
Parental Counseling/Training		70,000
Teen Family Health		15,000
		<hr/>
TOTAL NET ASSETS SUBJECT TO PURPOSE RESTRICTIONS	\$	851,612
		<hr/>
Subject to Endowment Spending Policy and Appropriation:		
Endowment Corpus	\$	111,146
		<hr/>
TOTAL SUBJECT TO ENDOWMENT SPENDING POLICY AND APPROPRIATION		111,146
		<hr/>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$	962,758
		<hr/>

NOTE 11 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2020:

Satisfaction of Purpose Restrictions:		
Business Academy/Technology Education	\$	268,004
Census		132,595
Ask Harold/Harold Cares		86,196
Scholarship		54,659
Parental Counseling/Training		50,000
Emergency Assistance		31,816
Teen Family Health		15,000
Endowment Appropriation		6,294
		<hr/>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$	644,564
		<hr/>

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 12 - ENDOWMENTS

El Nido's endowment consists of donor restricted funds which are restricted in perpetuity. They are comprised of the corpus of the Payson Wolff Scholarship Fund. Income from these funds is used to underwrite scholarships to El Nido clients who are graduating from high school and are pursuing higher education.

El Nido's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on such endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for El Nido's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management.

Endowment net asset composition by type of fund at June 30, 2020 is as follows:

Endowment Net Asset Composition by Type of Fund at June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted	\$ -	\$ 111,146	\$ 111,146
Changes in Endowment Net Assets for the Year Ended June 30, 2020			
Endowment Net Assets - Beginning of Year	\$ -	\$ 111,146	\$ 111,146
Investment Return	6,294	-	6,294
Appropriated for Expenditure	(6,294)	-	(6,294)
ENDOWMENT NET ASSETS - END OF YEAR	\$ -	\$ 111,146	\$ 111,146

EL NIDO FAMILY CENTERS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 13 - LIQUITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by El Nido at June 30, 2020 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2020:	
Cash and Cash Equivalents	\$ 1,193,109
Investments	1,963,798
Accounts Receivable	<u>2,104,064</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 4,520,654</u>

El Nido regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. El Nido is substantially supported by unrestricted contributions and government grants and contracts. As part of El Nido's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

El Nido's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 12, the endowment earnings will be appropriated by the Board of Directors for use in accordance with donor stipulations.

In the event of an unanticipated liquidity need, El Nido has a line of credit facility of \$1,000,000 that it may draw upon (refer to Note 7).

The recent COVID-19 outbreak in the United States and world-wide has caused business disruption which may negatively impact El Nido's program services delivery and investment portfolio holdings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. It is therefore likely there will be an impact on El Nido's operating activities and results. However, the related financial impact and duration cannot be reasonably estimated at this time.

EL NIDO FAMILY CENTERS

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

EL NIDO FAMILY CENTERS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

	Contract Number	Federal CFDA Number	Governmental Revenue		Passed Through to Subrecipients
			Federal	Nonfederal	
FEDERAL AWARDS					
Federal Grantor/Passed Through Grantor/Program or Cluster Title					
MAJOR AWARDS					
U.S. Department of Health and Human Services					
Administration for Children and Families					
Early Head Start					
8/1/2018 - 7/31/2019	09CH010599/01	93.600	\$ 306,549	\$ -	\$ -
8/1/2019 - 7/31/2020	09CH010599/02	93.600	1,503,330	-	-
TOTAL MAJOR AWARDS			1,809,879	-	-
NON-MAJOR AWARDS					
U.S. Department of Health and Human Services:					
Passed-through County of Los Angeles					
Temporary Assistance for Needy Families					
Job Opportunities and Basic Skills Training					
Cal-Learn Case Management 7/2019 - 8/2019	CLC15-003	93.558	234,430	-	-
Cal-Learn Case Management 9/2019 - 6/2020	CLC15-003	93.558	991,410	-	-
Pass-through State of California					
Department of Public Health					
Maternal, Child and Adolescent Health					
Adolescent Family Life Program					
7/1/19 - 6/30/20	17-10136	93.994	669,270	-	-
U.S. Department of Health and Human Services:					
Pass-through City of Los Angeles:					
Community Investment Department					
Community Services Block Grant					
Family Source Centers	C-133704	93.569	292,894	-	67,024
Family Source Centers	C-133701	93.569	292,894	-	61,447
U.S. Department of Housing and Urban Development:					
Pass-through City of Compton					
Community Development Block Grant					
7/1/19 - 6/30/20	C-133704	14.218	360,076	-	-
7/1/19 - 6/30/20	C-133701	14.218	360,077	-	-
TOTAL NON-MAJOR AWARDS			3,201,051	-	128,471
TOTAL FEDERAL AWARDS			\$ 5,010,930	\$ -	\$ 128,471

See Independent Auditor's Report

EL NIDO FAMILY CENTERS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2020

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2020:

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of El Nido under programs of the Federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of El Nido, it is not intended to and does not present the financial position, changes in net assets, or cash flows of El Nido.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

El Nido has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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