

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

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

Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Empower Yolo, Inc. (the Agency) (a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2020 and 2019, 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.

Emphasis of a Matter

As discussed in Note 10 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules as listed in the Table of Contents include the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform 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 May 31, 2021, 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
May 31, 2021

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)
Statements of Financial Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 14,838	\$ 120,072
Restricted cash designated for long-lived assets	303,257	106,609
Grant and contracts receivable	994,290	525,724
Other receivables	3,702	12,150
Prepaid expenses	<u>5,494</u>	<u>12,066</u>
Total current assets	1,321,581	776,621
FIXED ASSETS, NET	<u>1,234,263</u>	<u>1,277,635</u>
TOTAL ASSETS	<u>\$ 2,555,844</u>	<u>\$ 2,054,256</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and other accrued expenses	\$ 193,587	\$ 306,910
Accrued payroll and related	171,880	187,409
Refundable advances	34,962	7,957
Paycheck Protection Program loan payable	377,500	-
Long term debt - current portion	<u>13,802</u>	<u>13,374</u>
Total current liabilities	791,731	515,650
LONG-TERM DEBT	<u>340,905</u>	<u>404,751</u>
Total liabilities	<u>1,132,636</u>	<u>920,401</u>
Net assets:		
Without donor restrictions	972,327	969,271
With donor restrictions	<u>450,881</u>	<u>164,584</u>
Total net assets	<u>1,423,208</u>	<u>1,133,855</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,555,844</u>	<u>\$ 2,054,256</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, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:						
Government grants and contracts	\$ 3,171,941	\$ -	\$ 3,171,941	\$ 2,914,777	\$ 27,905	\$ 2,942,682
Foundations and corporations	254,833	261,000	515,833	128,553	99,023	227,576
Other contributions	302,208	206,630	508,838	162,191	32,380	194,571
Fees for services	97,710	-	97,710	141,825	-	141,825
Reimbursements and other	3,498	-	3,498	3,218	-	3,218
Donated goods and services	69,239	-	69,239	103,681	-	103,681
Forgiveness of debit	-	-	-	260,000	-	260,000
Interest	22	-	22	-	-	-
Net assets released from restriction	181,333	(181,333)	-	97,575	(97,575)	-
Total operating revenues and support	4,080,784	286,297	4,367,081	3,811,820	61,733	3,873,553
EXPENSES BY FUNCTION:						
Program services:						
Resource centers	672,220	-	672,220	786,459	-	786,459
Victim services	2,142,739	-	2,142,739	1,841,218	-	1,841,218
Youth programs	331,468	-	331,468	618,280	-	618,280
Other	316,898	-	316,898	29,103	-	29,103
Total program services	3,463,325	-	3,463,325	3,275,060	-	3,275,060
Supporting services:						
Management and general	577,389	-	577,389	341,127	-	341,127
Development	37,014	-	37,014	33,884	-	33,884
Total supporting services	614,403	-	614,403	375,011	-	375,011
Total expenses	4,077,728	-	4,077,728	3,650,071	-	3,650,071
CHANGE IN NET ASSETS	3,056	286,297	289,353	161,749	61,733	223,482
NET ASSETS, BEGINNING OF YEAR	969,271	164,584	1,133,855	807,522	102,851	910,373
NET ASSETS, END OF YEAR	\$ 972,327	\$ 450,881	\$ 1,423,208	\$ 969,271	\$ 164,584	\$ 1,133,855

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 289,353	\$ 223,482
Contributions restricted for long lived assets	(202,130)	(29,240)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	60,751	88,844
Bad debt expense	1,675	-
Changes in operating accounts:		
(Increase) decrease in accounts receivable	(461,793)	(134,904)
(Increase) decrease in prepaid expenses and deposits	6,572	(4,514)
Increase (decrease) in accounts payable and accrued expenses	(129,370)	165,333
Increase (decrease) in deferred revenue	27,005	(141,483)
Net cash provided by (used in) operating activities	<u>(407,937)</u>	<u>167,518</u>
CASH FLOWS FROM INVESTING ACTIVITIES -		
Purchases of capital assets	(17,379)	-
Contributions restricted for long lived assets	202,130	29,240
Net cash provided by investing activities	<u>184,751</u>	<u>29,240</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	377,500	-
Proceeds from mortgage refinancing	-	350,000
Proceeds from line of credit	96,464	100,074
Debt forgiven by lender	-	(260,000)
Principal payments on line of credit	(146,020)	(50,000)
Principal payments on mortgage payable	(7,146)	(188,864)
Principal payments on capital lease	(6,198)	(6,387)
Net cash provided by (used in) financing activities	<u>314,600</u>	<u>(55,177)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	91,414	141,581
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>226,681</u>	<u>85,100</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 318,095</u>	<u>\$ 226,681</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for:		
Interest	<u>\$ 29,681</u>	<u>\$ 17,117</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents available for general operations	\$ 14,838	\$ 120,072
Restricted cash and cash equivalents restricted for long lived assets	<u>303,257</u>	<u>106,609</u>
Total cash and cash equivalents	<u>\$ 318,095</u>	<u>\$ 226,681</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, 2020 and 2019

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.

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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.

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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.

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, 2020 and 2019.

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, 2020 and 2019.

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 \$129,029 and \$87,592 as of June 30, 2020 and 2019, 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 obligations have been satisfied.

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

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Donations

Contributions of in-kind goods and services are recognized at estimated fair value when received based on information provided by third party providers. In-kind services are recognized as contributions per GAAP if the services (1) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. There were contributed services of \$26,299 and \$90,645 meeting the above revenue recognition criteria during the year ended June 30, 2020 and 2019, respectively, primarily legal, counseling, and educational services.

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

Empower Yolo recognized \$42,940 for in-kind goods, including donated rent of \$13,036 for one programmatic location in both years ended June 30, 2020 and 2019.

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. Empower Yolo allocates indirect costs each month based on the percentage of actual employee time charged to functional categories to total time incurred.

Advertising Costs

All advertising costs are expensed as incurred. The Agency incurred advertising expense of \$926 and \$1,133 during the years ended June 30, 2020 and 2019, respectively.

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Notes to Financial Statements
Years Ended June 30, 2020 and 2019

Tax-Exempt Status

Empower Yolo is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Agency has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Agency's informational returns are subject to examination by Federal and State taxing authorities generally for three years after they are filed. Empower Yolo has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates

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

Concentrations of Risk

The California Department of Education and the Governor's Office of Emergency Services combined to provide 46% of the support and revenue recognized during the year ended June 30, 2020. 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 two financial institutions. As of June 30, 2020, the Agency exceeded the \$250,000 federally insured limit by approximately \$16,000. The Agency's cash and cash equivalent accounts have been placed with high credit quality financial institutions. Empower Yolo has not experienced, nor does it anticipate, any losses with respect to such accounts.

Fair Value Measurements

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

EMPOWER YOLO, INC.
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on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

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

Level 2: Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted markets that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

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

Change in Accounting Principle

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the criteria for evaluating whether a transaction is a contribution or an exchange transaction and whether a contribution conditional or unconditional. Empower Yolo adopted ASU 2018-08 with a date of the initial application of July 1, 2019 using the modified retrospective method. The adoption of ASU 2018-07 did not have a significant impact on the Agency's financial position, result of operations, or cash flows. The Agency has evaluated contributions received and contributions made and has determined that there is no change as a result of the adoption of the standard.

In June 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASC Topic 606's core principle is built on the contract between a vendor and a customer for the provision of goods and services. It attempts to depict the exchange of rights and obligations between the parties in the pattern of revenue recognition based on the consideration to which the vendor is entitled. Empower Yolo adopted ASU 2014-09 with a date of the initial application of July 1, 2019, using the modified retrospective method. The Agency has evaluated their contracts with customers and has determined that there is no change as a result of the adoption of the standard.

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Subsequent Events

Management has evaluated events through May 31, 2021, the date on which the financial statements were available to be issued. No events occurred subsequent to year-end that require adjustment to or disclosure in the financial statements.

3. FIXED ASSETS

As of June 30, 2020 and 2019, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 823,830	\$ 823,830
Buildings and improvements	1,682,730	1,670,833
Furniture and equipment	104,343	104,343
Equipment under capital leases	_31,018	_31,018
Construction in progress	<u>21,472</u>	<u>15,990</u>
Subtotal	2,663,393	2,646,014
Less: accumulated depreciation	<u>(1,429,128)</u>	<u>(1,368,379)</u>
Net fixed assets	<u>\$ 1,234,263</u>	<u>\$ 1,277,635</u>

Depreciation and amortization expense was \$60,751 and \$88,844 during the years ended June 30, 2020 and 2019, respectively.

4. AVAILABILITY AND LIQUIDITY

The following represents Empower Yolo's financial assets at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 318,095	\$ 226,681
Grants and contracts receivables	994,290	525,724
Other receivables	<u>3,703</u>	<u>12,150</u>
Total financial assets	1,316,088	764,555
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(450,881)</u>	<u>(164,584)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 865,207</u>	<u>\$ 599,971</u>

Empower Yolo has \$865,207 in financial assets available to meet general expenditures, as well as a \$150,000 revolving line of credit as of June 30, 2020.

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5. DEBT

As of June 30, 2020, long-term debt is comprised as follows:

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, 2019). A balloon payment, together with any outstanding principal and accrued interest payable, is due June 17, 2029.	\$ 342,854
Capital lease for equipment with a bargain purchase option. The interest rate implicit in these leases is 6%. Monthly payments at June 30, 2020 are \$556 and expire on July 2022. Secured by equipment with an original purchase price of \$31,018 and accumulated depreciation of \$13,293.	11,853
Less: current portion	<u>(13,802)</u>
Total long-term debt	<u>\$ 340,905</u>

Interest expense for the years ended June 30, 2020 and 2019 approximated \$29,681 and \$17,117, respectively.

Annual principal maturities of debt are as follows:

Fiscal Year Ending June 30:	<u>Notes Payable</u>	<u>Capital Lease</u>
2021	\$ 7,130	\$ 6,672
2022	7,530	6,672
2023	7,952	555
2024	8,350	-
2025	8,865	-
Thereafter	<u>303,027</u>	<u>-</u>
Total payments	342,854	13,899
Less: portion representing interest	<u>-</u>	<u>(2,046)</u>
Total debt – principal only	<u>\$ 342,854</u>	<u>\$ 11,853</u>

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% (6.0% at June 30, 2020). As of June 30, 2020, \$518 was outstanding on the line of credit. Any outstanding

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amounts due on the line, including principal and accrued interest, are due and payable in entirety on June 17, 2024.

The City of Davis issued a reconveyance of a deed of trust during the year ended June 30, 2019, thereby releasing Empower Yolo from further obligation under a mortgage note payable. Accordingly, the Agency recognized \$260,000 in debt forgiveness as revenue and support in the accompanying financial statements.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Purpose restrictions:		
Kitchen remodel	\$ 303,257	\$ 106,609
Resource and referral	-	32,177
Building repairs	-	18,043
Human trafficking	-	3,000
ASSETS program	137,624	-
Other	-	4,755
Animal health for families	<u>10,000</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 450,881</u>	<u>\$ 164,584</u>

Net assets released from donor restrictions during the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Purpose restrictions:		
Resource and referral	\$ 32,177	\$ 51,421
Kitchen remodel	5,482	-
ASSETS program	112,377	-
Building repairs	18,043	-
Shelter and re-housing	1,000	8,000
For healthcare of Latina families in Yolo County	-	15,000
Other	12,254	5,989
Time restrictions	<u>-</u>	<u>17,165</u>
Total net assets released from donor restrictions	<u>\$ 181,333</u>	<u>\$ 97,575</u>

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

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 commitment 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.

Rent expense, including month-to-month equipment and space leases and donated rent, for the years ended June 30, 2020 and 2019 approximated \$30,345 and \$50,724, 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 \$23,210 and \$23,935, respectively, for the years ended June 30, 2020 and 2019.

9. RELATED PARTY TRANSACTIONS

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

In addition, the spouse of the Executive Director was employed by the Agency on an hourly basis providing maintenance services as needed, with compensation of \$58,620 and \$35,370, respectively, during the years ended June 30, 2020 and 2019.

10. RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China and has since spread to a number of other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including California, where Empower Yolo is located, have declared a state of emergency. In response, the U.S. Government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes significant provisions to provide relief and assistance to affected organizations.

COVID-19 could adversely affect the economies and financial markets of many countries, including the United States, resulting in an economic downturn that could affect Empower Yolo in a variety of ways. COVID-19 forced the Agency to make a number of operational changes in our shelters and resource centers.

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

The pandemic has devastated the low-income population in Yolo County. Newly unemployed, homeless and housing-insecure families have come to Empower Yolo for assistance, while other non-profit organizations closed their doors to in-person services.

To address the increased need during the pandemic, Empower Yolo experienced an unprecedented response from our generous donors with an increase in donor restricted funding for client assistance. Most of those funds were, or will be, passed on directly to clients, providing funding for client rent, utilities, medical prescriptions, and childcare, as well as food vouchers and bus passes, when individuals and families were unable to provide such needs for themselves.

In April 2020, Empower Yolo received loan proceeds of \$377,500 from a promissory note issued by Umpqua Bank, under the Paycheck Protection Program (“PPP”) which was established under the CARES Act and is administered by the U.S. Small Business Administration. The term of the loan is two years, and the annual interest rate is 1.00%. Payments of principal and interest are deferred for the first six months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all, or a portion of, the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent, and utility expenses and the maintenance of workforce and compensation levels with certain limitations. Empower Yolo has recorded the loan proceeds as debt and is applying for loan forgiveness as of the date of this report.

11. RECLASSIFICATIONS

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

SUPPLEMENTARY INFORMATION

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

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	\$ 182,488	\$ -
Total U.S. Department of Education			182,488	-
<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	17-ESG-12357	1,584	-
Emergency Solutions Grant	14.231	18-ESG-11884	126,717	-
Total U.S. Department of Housing and Urban Development			128,301	-
<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	8,000	-
<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 Construction	93.569	NA	11,897	-
Community Development Block Grant - Woodland Shelter	93.569	NA	6,750	-
Total U.S. Department of Health and Human Services			26,647	-
<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)	16.575	AT 18 03 1034	68,093	-
Child Abuse Treatment (AT)	16.575	AT 19 05 1034	155,340	-
Domestic Violence Assistance Program	16.575	DV 18 15 1034	53,457	-
Domestic Violence Assistance Program	16.575	DV 19 16 1034	249,371	-
Rape Crisis Program	16.575	RC 18 38 1034	112,980	-
Rape Crisis Program	16.575	RC 19 39 1034	219,193	-
Specialized Emergency Housing Program (KE)	16.575	KE17	115,886	-
Specialized Emergency Housing Program (KE)	16.575	KE18	124,150	-
Victim Advocacy in Detention Center (KA)	16.575	KA 18 01 034	71,308	-
Victim Advocacy in Detention Center (KA)	16.575	KA 19 02 1034	113,705	-
County Victim Services Program (XC)	16.575	XC 16 01 0570	81,650	-
County Victim Services Program (XC)	16.575	XC 19 02 0570	89,020	-
Transitional Housing Program	16.575	XH 16 01 1034	54,010	-
Transitional Housing Program - VOCA 18	16.575	XH 19 02 1034	70,058	-
Total U.S. Department of Justice			1,578,221	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,915,657	

See accompanying note to this schedule

EMPOWER YOLO, INC.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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.

EMPOWER YOLO, INC.
Schedule of Expenditures
California Governor's Office of Emergency Services Grants
Year Ended June 30, 2020

	<u>AT.19.05.1034</u>	<u>AT.18.03.1034</u>	<u>DV.18.15.1034</u>	<u>DV.19.16.1034</u>	<u>RC.18.38.1034</u>	<u>XH.16.01.1034</u>	<u>XH.19.02.1034</u>	<u>RC.19.39.1034</u>	<u>KA.18.01.034</u>	<u>KA.19.02.1034</u>	<u>KE</u>	<u>XC</u>
Revenues and support:												
Government grants and contract	\$ 158,703	\$ 68,093	\$ 53,456	\$ 251,502	\$ 112,256	\$ 54,010	\$ 67,111	\$ 219,375	\$ 71,308	\$ 113,402	\$ 240,036	\$ 170,670
Donated goods and services	3,183	4,888	-	-	8,148	-	1,294	-	-	3,213	-	-
Total revenues and support	<u>161,886</u>	<u>72,981</u>	<u>53,456</u>	<u>251,502</u>	<u>120,404</u>	<u>54,010</u>	<u>68,405</u>	<u>219,375</u>	<u>71,308</u>	<u>116,615</u>	<u>240,036</u>	<u>170,670</u>
Expenses:												
Personnel expenses	114,838	47,182	41,693	216,925	103,570	28,068	27,057	188,395	66,792	113,081	212,185	170,539
Other operating expenses	40,502	21,747	11,765	32,446	9,410	27,528	41,707	30,798	4,734	3,838	40,223	400
In-kind match	3,183	4,888	-	-	8,148	-	1,294	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	<u>158,523</u>	<u>73,817</u>	<u>53,458</u>	<u>249,371</u>	<u>121,128</u>	<u>55,596</u>	<u>70,058</u>	<u>219,193</u>	<u>71,526</u>	<u>116,919</u>	<u>252,408</u>	<u>170,939</u>
Excess of expenses (over) under revenue	\$ <u>3,363</u>	\$ <u>(836)</u>	\$ <u>(2)</u>	\$ <u>2,131</u>	\$ <u>(724)</u>	\$ <u>(1,586)</u>	\$ <u>(1,653)</u>	\$ <u>182</u>	\$ <u>(218)</u>	\$ <u>(304)</u>	\$ <u>(12,372)</u>	\$ <u>(269)</u>