

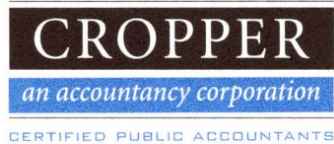
**Report of Independent Auditors
with Financial Statements and Supplementary Information**

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

Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Empower Yolo, Inc. (the Agency) (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Supplementary 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 accompanying supplementary information as listed in the Table of Contents 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 September 4, 2024, 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
September 4, 2024

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)
Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
ASSETS:		
Cash and cash equivalents	\$ 520,333	\$ 212,555
Cash restricted for long lived assets	116,419	101,160
Grant and contracts receivable, net	402,667	795,526
Other receivables, net	29,133	37,914
Prepaid expenses	24,850	23,558
Property and equipment, net	<u>1,545,891</u>	<u>1,595,877</u>
 TOTAL ASSETS	 <u>\$ 2,639,293</u>	 <u>\$ 2,766,590</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and other accrued expenses	\$ 67,652	\$ 135,389
Accrued payroll and related	219,300	181,934
Refundable advances	68,993	103,625
Long term debt	<u>320,169</u>	<u>328,075</u>
Total liabilities	676,114	749,023
NET ASSETS:		
Without donor restrictions	1,736,423	1,916,407
With donor restrictions	<u>226,756</u>	<u>101,160</u>
Total net assets	<u>1,963,179</u>	<u>2,017,567</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,639,293</u>	 <u>\$ 2,766,590</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, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:						
Government grants	\$ 3,195,068	\$ -	\$ 3,195,068	\$ 3,201,167	\$ -	\$ 3,201,167
Grants from foundations and corporations	-	191,415	191,415	69,634	122,000	191,634
Other contributions	304,638	18,623	323,261	344,140	-	344,140
Fees for services	61,522	-	61,522	168,823	-	168,823
Reimbursements and other	4,673	-	4,673	2,289	-	2,289
Donated goods and services	123,135	-	123,135	138,344	-	138,344
Net assets released from restriction	84,442	(84,442)	-	203,499	(203,499)	-
	<u>3,773,478</u>	<u>125,596</u>	<u>3,899,074</u>	<u>4,127,896</u>	<u>(81,499)</u>	<u>4,046,397</u>
Total operating revenues and support						
EXPENSES BY FUNCTION:						
Program services:						
Resource centers	776,789	-	776,789	763,762	-	763,762
Victim services	2,025,527	-	2,025,527	1,853,156	-	1,853,156
Youth programs	304,428	-	304,428	333,024	-	333,024
Other	207,759	-	207,759	207,308	-	207,308
Total program services	<u>3,314,503</u>	<u>-</u>	<u>3,314,503</u>	<u>3,157,250</u>	<u>-</u>	<u>3,157,250</u>
Supporting services:						
Management and general	514,675	-	514,675	623,206	-	623,206
Development	124,284	-	124,284	43,413	-	43,413
Total supporting services	<u>638,959</u>	<u>-</u>	<u>638,959</u>	<u>666,619</u>	<u>-</u>	<u>666,619</u>
Total expenses	<u>3,953,462</u>	<u>-</u>	<u>3,953,462</u>	<u>3,823,869</u>	<u>-</u>	<u>3,823,869</u>
CHANGE IN NET ASSETS	(179,984)	125,596	(54,388)	304,027	(81,499)	222,528
NET ASSETS, BEGINNING OF YEAR	<u>1,916,407</u>	<u>101,160</u>	<u>2,017,567</u>	<u>1,612,380</u>	<u>182,659</u>	<u>1,795,039</u>
NET ASSETS, END OF YEAR	<u>\$ 1,736,423</u>	<u>\$ 226,756</u>	<u>\$ 1,963,179</u>	<u>\$ 1,916,407</u>	<u>\$ 101,160</u>	<u>\$ 2,017,567</u>

See independent auditors' report and notes to the financial statements

EMPOWER YOLO, INC.
(A Non-Profit Corporation)
 Statements of Functional Expenses
 Years Ended June 30, 2023 and 2022

	2023									2022								
	Program Services					Supporting Services				Program Services					Supporting Services			
	Resource Centers	Victim Services	Youth Programs	Other Program	Total Program Services	Management and General	Development	Total	Resource Centers	Victim Services	Youth Programs	Other Program	Total Program Services	Management and General	Development	Total		
Salaries and Wages	\$ 266,688	\$ 1,421,434	\$ 165,946	\$ 129,207	\$ 1,983,275	\$ 136,373	\$ 100,942	\$ 2,220,590	\$ 249,180	\$ 1,328,118	\$ 155,052	\$ 120,725	\$1,853,075	\$ 220,763	\$ 38,093	\$ 2,111,931		
Payroll taxes	21,816	116,280	13,575	10,570	162,241	11,156	8,258	181,655	20,563	110,363	12,400	9,349	152,675	15,434	3,387	171,496		
Employee benefits	29,445	156,941	18,322	14,266	218,974	15,057	11,145	245,176	30,295	127,378	14,306	6,778	178,757	35,657	641	215,055		
Subtotal personnel	317,949	1,694,655	197,843	154,043	2,364,490	162,586	120,345	2,647,421	300,038	1,565,859	181,758	136,852	2,184,507	271,854	42,121	2,498,482		
Promotion and advertising	-	-	-	-	-	-	815	815	-	-	-	-	-	1,794	-	1,794		
Travel and mileage	2,023	10,784	1,259	980	15,046	1,035	766	16,847	1,075	7,017	129	1,422	9,643	1,910	-	11,553		
Bank fees	-	-	-	-	-	2,222	-	2,222	-	-	-	-	-	2,057	-	2,057		
Depreciation and amortization	-	-	-	-	-	64,155	-	64,155	-	-	-	-	-	68,660	-	68,660		
Memberships and subscriptions	-	-	-	-	-	5,504	-	5,504	887	-	271	-	1,158	3,181	-	4,339		
Equipment	-	-	-	-	-	-	-	-	-	5,587	-	-	5,587	521	-	6,108		
Insurance	-	-	-	-	-	33,998	-	33,998	-	-	-	-	-	19,441	-	19,441		
Interest	-	-	-	-	-	17,761	-	17,761	-	-	-	-	-	19,085	-	19,085		
Janitorial	-	5,330	180	125	5,635	9,193	-	14,828	-	5,248	142	-	5,390	10,988	-	16,378		
Housing assistance	380,900	60,442	-	12,879	454,221	-	-	454,221	372,336	58,933	-	1,810	429,459	-	-	429,459		
Client treatment stays and other assistance	5,809	-	-	1,562	7,371	-	-	7,371	31,818	3,747	440	1,516	37,521	-	-	37,521		
Supplies and materials	10,915	8,995	25,998	-	45,908	15,267	-	61,175	11,053	9,500	19,457	-	40,010	14,678	-	54,688		
Printing, reproduction and postage	-	220	-	-	220	6,936	-	7,156	-	176	-	-	176	7,404	-	7,580		
Food	6,921	7,032	7,679	-	21,632	188	-	21,820	7,921	6,993	7,918	-	22,832	56	-	22,888		
Partner agencies	-	1,872	49,722	-	51,594	-	-	51,594	5,000	10,208	95,839	2,500	113,547	-	-	113,547		
Taxes and licenses	-	-	-	-	-	2,014	-	2,014	-	-	-	-	-	6,592	-	6,592		
Accounting and auditing	-	17,200	-	-	17,200	23,780	-	40,980	-	16,890	-	-	16,890	28,595	-	45,485		
Donated legal services	16,448	-	-	-	16,448	-	-	16,448	9,563	-	-	-	9,563	-	-	9,563		
Donated rent	13,036	-	-	-	13,036	-	-	13,036	13,036	-	-	-	13,036	-	-	13,036		
Other donated goods and services	-	-	17,669	37,969	55,638	4,838	-	60,476	-	-	23,417	66,828	90,245	-	-	90,245		
Therapists and other professional services	7,741	196,179	3,280	-	207,200	13,226	-	220,426	2,200	143,941	2,275	-	148,416	12,870	-	161,286		
Payroll service fees	-	-	-	-	-	11,000	-	11,000	-	-	-	-	-	10,252	-	10,252		
Fundraising events	-	-	-	-	-	-	2,358	2,358	-	-	-	-	-	-	1,292	1,292		
Repairs and maintenance	1,520	6,588	-	-	8,108	14,437	-	22,545	1,520	6,494	35	-	8,049	8,651	-	16,700		
Information technology and software	8,150	4,370	-	-	12,520	54,036	-	66,556	4,150	3,309	-	-	7,459	48,670	-	56,129		
Staff development and training	200	3,977	775	-	4,952	178	-	5,130	200	3,090	604	-	3,894	178	-	4,072		
Telephone and telecommunications	1,341	1,008	23	201	2,573	8,591	-	11,164	194	1,671	739	-	2,604	8,591	-	11,195		
Utilities	1,795	6,833	-	-	8,628	59,981	-	68,609	1,484	4,493	-	-	5,977	57,281	-	63,258		
Bad debt	-	-	-	-	-	3,606	-	3,606	-	-	-	-	-	16,312	-	16,312		
Other	2,041	42	-	-	2,083	144	-	2,227	1,287	-	-	-	1,287	3,585	-	4,872		
	<u>\$ 776,789</u>	<u>\$ 2,025,527</u>	<u>\$ 304,428</u>	<u>\$ 207,759</u>	<u>\$ 3,314,503</u>	<u>\$ 514,675</u>	<u>\$ 124,284</u>	<u>\$ 3,953,462</u>	<u>\$ 763,762</u>	<u>\$ 1,853,156</u>	<u>\$ 333,024</u>	<u>\$ 207,308</u>	<u>\$3,157,250</u>	<u>\$ 623,206</u>	<u>\$ 43,413</u>	<u>\$ 3,823,869</u>		

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (54,388)	\$ 222,528
Contributions restricted for long-term assets	-	(117,000)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	64,155	68,660
Bad debt expense	3,606	16,312
Changes in operating accounts:		
(Increase) decrease in accounts receivable	398,035	(222,220)
(Increase) decrease in prepaid expenses and deposits	(1,292)	(3,305)
Increase (decrease) in accounts payable and accrued expenses	(30,371)	24,725
Increase (decrease) in deferred revenue	(34,632)	76,539
Net cash provided by (used in) operating activities	<u>345,112</u>	<u>66,239</u>
CASH FLOWS FROM INVESTING ACTIVITIES -		
Donations restricted for long lived assets	-	117,000
Purchases of capital assets	(14,169)	(149,283)
Net cash used in investing activities	<u>(14,169)</u>	<u>(32,283)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on mortgage payable	(7,907)	(7,624)
Principal payments on financing lease	-	(5,836)
Net cash used in financing activities	<u>(7,907)</u>	<u>(13,460)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	323,036	20,496
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>313,715</u>	<u>293,219</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 636,751</u>	<u>\$ 313,715</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for:		
Interest	<u>\$ 17,761</u>	<u>\$ 19,085</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and cash equivalents available for general operations	\$ 520,333	\$ 212,555
Cash and cash equivalents restricted for long lived assets	<u>116,419</u>	<u>101,160</u>
Total cash and cash equivalents	<u>\$ 636,752</u>	<u>\$ 313,715</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, 2023 and 2022

1. ORGANIZATION AND PROGRAMS

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

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

Empower Yolo's primary sources of revenue and support are from government contracts, contributions, and program fees.

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

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

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

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Agency's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

Donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

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

Grants and Contracts Receivable

Grants and contracts receivable are stated at estimated net realizable value and primarily represent reimbursements due for costs incurred under grant or contract agreements or fees due for services rendered under contract agreements. No allowance for doubtful accounts was deemed necessary as of June 30, 2023 and 2022.

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, 2023 and 2022.

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 \$182,301 and \$143,013 as of June 30, 2023 and 2022, respectively, is reflected within accrued payroll and related liabilities in the accompanying financial statements.

Revenue Recognition

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

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

obligations have been satisfied. Advances received but not yet earned are reported as deferred revenue. During the years ended June 30, 2023 and 2022, Empower Yolo has contract revenue (fees for services) of \$61,522 and \$142,928, respectively, related primarily to class attendance and marriage fees with single performance obligations.

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

In-Kind Donations

Contributions of in-kind goods and services are recognized at estimated fair value when received based on information provided by third party providers. In-kind services are recognized as contributions per GAAP if the services (1) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

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

Contributed property and equipment are recorded at fair value as of the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Functional Expenses

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

Advertising Costs

All advertising costs are expensed as incurred. The Agency incurred advertising expense of \$815 and \$1,794 during the years ended June 30, 2023 and 2022, respectively.

Tax-Exempt Status

Empower Yolo is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Agency has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Agency's informational returns are subject to examination by Federal and State

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

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 57% of the support and revenue recognized during the year ended June 30, 2023. A significant change in such funding could have a material adverse impact on the Agency's ongoing activities and financial position.

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

Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash and equivalents. Empower Yolo maintains its cash and cash equivalents in one financial institution. The Agency may periodically exceed the \$250,000 federally insured limit for each financial institution. The Agency's cash and cash equivalent accounts have been placed with high credit quality financial institutions. As of June 30, 2023, the Agency's bank balances exceeded the FDIC insured limit by approximately \$386,000.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

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

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

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

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

Reclassifications

Certain reclassifications have been made to prior year information in order to conform with current year presentation.

Subsequent Events

Management has evaluated events through September 4, 2024, the date on which the financial statements were available to be issued. No events occurred subsequent to year-end that require additional adjustment to or disclosure in the financial statements.

3. FIXED ASSETS

As of June 30, 2023 and 2022, property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 823,830	\$ 823,830
Buildings and improvements	2,213,197	2,184,518
Furniture and equipment	<u>50,998</u>	<u>86,713</u>
Subtotal	3,088,025	3,095,061
Less: accumulated depreciation	<u>(1,542,134)</u>	<u>(1,499,184)</u>
Net fixed assets	<u>\$ 1,545,891</u>	<u>\$ 1,595,877</u>

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

4. AVAILABILITY AND LIQUIDITY

The following represents Empower Yolo’s financial assets as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 636,752	\$ 313,715
Grants and contracts receivables	402,667	795,526
Other receivables	<u>29,133</u>	<u>37,914</u>
Total financial assets	1,068,552	1,147,155
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(226,756)</u>	<u>(101,160)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 841,796</u>	<u>\$1,045,995</u>

Empower Yolo has \$841,796 in financial assets available to meet general expenditures, as well as a \$150,000 revolving line of credit as of June 30, 2023.

5. DEBT

As of June 30, 2023, long-term debt is comprised as follows:

Mortgage note payable to a bank, secured by deed of trust on real property on two properties in both Woodland and Davis, California, with payments of \$2,142 due monthly. The note carries an interest rate indexed to the 5-year Treasury bill plus 3% (5.390% at June 30, 2022). A balloon payment, together with any outstanding principal and accrued interest payable, is due June 17, 2029.

\$ 320,169

Annual principal maturities of debt are as follows:

<i><u>Fiscal Year Ending June 30:</u></i>	
2024	\$ 8,350
2025	8,865
2026	9,531
2027	9,887
2028	10,529
Thereafter	<u>273,007</u>
Total mortgage note payable	<u>\$ 320,169</u>

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

In addition, Empower Yolo has a \$150,000 revolving line of credit with a bank secured by real property. The credit line carries a variable interest rate at the WSJ prime rate plus .5% (5.39% at June 30, 2023). As of June 30, 2023, no amounts were outstanding on the line of credit. Any outstanding amounts due on the line, including principal and accrued interest, are due and payable in entirety on June 17, 2024. As of the date of this report, a new line of credit is being renegotiated. Interest expense for the years ended June 30, 2023 and 2022 approximated \$17,761 and \$19,085, respectively.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Purpose restrictions:		
Knight’s landing facility improvements	\$ 83,353	\$ -
Property improvements – clothing closet	116,419	101,160
Playground	25,000	
Other	<u>1,984</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$226,756</u>	<u>\$101,160</u>

Net assets released from donor restrictions during the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Purpose restrictions:		
Knight’s landing facility	\$ 8,159	-
Other property improvements	581	184,271
Dignity health initiatives	75,702	-
Animal health for families	-	6,463
Other	<u>-</u>	<u>12,765</u>
Total net assets released from donor restrictions	<u>\$ 84,442</u>	<u>\$ 203,499</u>

7. LEASES AND SUBSEQUENT EVENTS

Empower Yolo leased one copier and one programmatic location under month-to-month lease agreements during the fiscal year ended June 30, 2023. Subsequent to year end, Empower Yolo executed a 60-month equipment financing lease at \$335 per month. In addition, one other programmatic space in West Sacramento was donated to Empower Yolo free of charge during fiscal 2023 as the Agency participated in a one-stop client support location, which donated lease terminated subsequent to year end.

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

Lease expense, including month-to-month equipment and space leases and donated rent, for the years ended June 30, 2023 and 2022 approximated \$19,972 and \$19,781, 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 \$22,213 and \$31,883, respectively, for the years ended June 30, 2023 and 2021.

9. RELATED PARTY TRANSACTIONS

The spouse of the Executive Director was employed by the Agency on an hourly basis providing maintenance services as needed, with compensation of \$60,065 and \$56,683, respectively, during the years ended June 30, 2023 and 2022.

10. IN-KIND CONTRIBUTIONS

For the year ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included the following:

	<u>2023</u>	<u>2022</u>
Donated rent – resource center	\$ 13,036	\$ 13,036
Donated program supplies:		
Clothing and diapers	25,340	27,316
Household items	10,562	16,799
Food	3,403	
Hygiene products	20,840	4,502
Donated administrative supplies	411	300
Donated legal services for clients - program	16,448	9,563
Donated therapy services to clients - program	<u>33,095</u>	<u>66,828</u>
	<u>\$123,135</u>	<u>\$138,344</u>

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

EMPOWER YOLO, INC.
(A Not-for-Profit Corporation)
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

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

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

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

11. REVENUE FROM CONTRACTS WITH CUSTOMERS AND DEFERRED REVENUE

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

	<u>2023</u>	<u>2022</u>
Marriage license and perpetrator fees	\$ 12,527	\$ 68,432
ATV class fees	21,450	49,996
Health insurance assistance	25,895	50,395
Other	<u>1,650</u>	<u>-</u>
Total fees for services	<u>\$ 61,522</u>	<u>\$ 168,823</u>

No fees for services revenue had been deferred as of June 30, 2023 and 2022 as all performance obligations had been satisfied at year end.

The following table provides information about significant changes to deferred revenue related to refundable advances from grantors in advance of incurring reimbursable costs for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Refundable advances, beginning of year	\$103,625	\$ 27,086
Revenue recognized that was included in refundable advances at the beginning of the year	(103,625)	(27,086)
Increases in deferred revenue due to cash received in advance of incurring qualifying reimbursable costs	<u>68,993</u>	<u>103,625</u>
Refundable advances, end of year	<u>\$ 68,993</u>	<u>\$103,625</u>

SUPPLEMENTARY INFORMATION

EMPOWER YOLO, INC.
(A Not-for-Profit Organization)
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing 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	\$ 269,892	\$ 26,192
<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	122-ESG-17022	9,313	-
Emergency Solutions Grant	14.231	21-ESG-16025	149,332	-
Emergency Solutions Grant Coronavirus 1 - Rapid Rehousing	14.231	NA	53,481	-
Emergency Solutions Grant Coronavirus 2 - Repaid Rehousing	14.231	NA	172,445	-
Total U.S. Department of Housing and Urban Development			384,571	-
<u>U.S. Department of Health and Human Services</u>				
<i>Passed Through State of California Office of Emergency Services, Victim Services Branch, 3650 Schriever Ave., Mather, CA 95655 (916) 845-8280</i>				
Domestic Violence Mobile Health Care Services Program (FO)	93.592	FO 22 01 1034	15,837	-
<i>Passed Through City of Davis, City Managers' Office, 23 Russell Blvd, Davis, CA 95616 (530) 757-5602</i>				
Community Development Block Grant - Davis	93.569	NA	11,001	-
<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	93.569	NA	6,185	-
<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	16,980	-
Total U.S. Department of Health and Human Services			50,003	-
<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 21 03 1034	96,057	-
Child Abuse Treatment (AT)	16.575	AT 22 03 1034	90,617	-
Domestic Violence Assistance Program	16.575	DV 20 17 1034	91,798	-
Domestic Violence Assistance Program	16.575	DV 22 18 1034	468,594	-
Rape Crisis Program	16.575	RC 22 42 1034	285,149	-
Rape Crisis Program	16.575	RC 21 41 1034	172,002	-
Specialized Emergency Housing Program (KE)	16.575	KE 22 05 0570	188,959	-
Specialized Emergency Housing Program (KE)	16.575	KE 21 04 0570	127,684	-
Victim Advocacy in Detention Center (KA)	16.575	KA 21 04 1034	158,411	-
County Victim Services Program (XC)	16.575	XC 22 05 0570	61,254	-
County Victim Services Program (XC)	16.575	XC 21 04 0570	88,722	-
Sexual Assault Response Team Program (XS)	16.575	XS 21 01 1034	56,999	-
Sexual Assault Response Team Program (XS)	16.575	XS 22 02 1034	37,251	-
Unserved/Understerved Child and Youth Advocacy Program (XY)	16.575	XY 21 01 1034	147,003	-
Unserved/Understerved Child and Youth Advocacy Program (XY)	16.575	XY 22 02 1034	102,171	-
Transitional Housing Program	16.575	XH 21 04 1034	64,713	-
Total U.S. Department of Justice			2,237,384	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,671,958</u>	<u>\$ 26,192</u>

See accompanying note to this schedule

EMPOWER YOLO, INC.

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

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, 2023. 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.

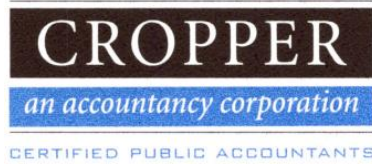
NOTE 3 – INDIRECT COST RATE

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, 2023

	AT 22 03 1034	AT 21 03 1034	DV 20 17 1034	DV 22 18 1034	XY 22 02 1034	XY 21 01 1034	RC 21 41 1034	RC 22 42 1034	XH 21 04 1034	KA 21 04 1034	KE 22 05 0570	KE 21 04 0570	XC 21 04 0570	XC 22 05 0570	XS 22 02 1034	XS 21 01 1034
Revenues and support:																
Government grants and contract	\$ 90,617	\$ 96,057	\$ 91,798	\$ 468,594	\$ 102,171	\$ 147,003	\$ 172,002	\$ 285,149	\$ 64,713	\$ 158,411	\$ 188,959	\$ 127,980	\$ 88,722	\$ 61,254	\$ 37,251	\$ 57,007
Donated goods and services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues and support	<u>90,617</u>	<u>96,057</u>	<u>91,798</u>	<u>468,594</u>	<u>102,171</u>	<u>147,003</u>	<u>172,002</u>	<u>285,149</u>	<u>64,713</u>	<u>158,411</u>	<u>188,959</u>	<u>127,980</u>	<u>88,722</u>	<u>61,254</u>	<u>37,251</u>	<u>57,007</u>
Expenses:																
Personnel expenses	30,675	52,691	88,837	454,348	64,271	87,429	132,097	251,030	30,093	144,851	164,608	110,442	88,722	61,254	32,229	49,859
Other operating expenses	60,496	43,548	4,237	14,418	37,960	59,836	39,906	34,119	39,096	13,613	24,414	17,242	-	-	5,022	7,141
In-kind match	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	<u>91,171</u>	<u>96,240</u>	<u>93,074</u>	<u>468,767</u>	<u>102,231</u>	<u>147,265</u>	<u>172,003</u>	<u>285,149</u>	<u>69,189</u>	<u>158,464</u>	<u>189,022</u>	<u>127,684</u>	<u>88,722</u>	<u>61,254</u>	<u>37,251</u>	<u>56,999</u>
Excess of expenses (over) under revenue	\$ (554)	\$ (183)	\$ (1,276)	\$ (173)	\$ (60)	\$ (262)	\$ (1)	\$ (0)	\$ (4,476)	\$ (53)	\$ (63)	\$ 296	\$ 0	\$ 0	\$ (0)	\$ 8

OTHER REPORTS



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Empower Yolo, Inc. (the Agency) (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2023, 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 September 4, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

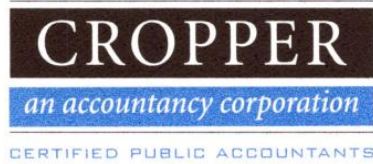
As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
September 4, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Empower Yolo, Inc.'s (the Agency) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2023. Empower Yolo's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Empower Yolo complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Empower Yolo and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Empower Yolo's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Empower Yolo's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Empower Yolo's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Empower Yolo's compliance with the requirements of each major federal program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Empower Yolo's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Empower Yolo's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Empower Yolo's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies in internal control over compliance.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

September 4, 2024

EMPOWER YOLO, INC.
(A Nonprofit Corporation)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of Auditors’ Results

<u>Financial Statements</u>	
Type of auditors’ report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No
<u>Federal Awards</u>	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	No
Type of auditors’ report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
<u>Identification of major programs:</u>	
<u>CFDA No.</u> 16.575	<u>Name of Federal Program or Cluster</u> Domestic Violence Assistance; Child Abuse Treatment; Rape Crisis Services; Victim Advocacy in Detention Center; Transitional Housing; Specialized Emergency Housing; County Victim Services; Sexual Assault Response Team; Unserved and Underserved Child and Youth Advocacy
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as a low-risk auditee?	No

EMPOWER YOLO, INC.
(A Nonprofit Corporation)
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section II – Financial Statement Findings

None.

Section III – Findings and Questioned Costs for Federal Awards

None.

Section IV – Status of Prior Year Findings

Finding 2022-01 INTERNAL CONTROL OVER FINANCIAL REPORTING: REVENUE RECOGNITION – material weakness

Criteria: Promises to give are recorded when unconditionally promised.

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

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

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

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

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

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

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

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

Certain earned revenues had not been recorded in the correct fiscal year and/or were recorded as grant revenues rather than earned revenues. Earned revenues have different revenue recognition criteria than grants and contributions and are recorded when performance obligations have been satisfied under ASC 606. In

EMPOWER YOLO, INC.
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Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

addition, other earned revenue for fiscal 2022 had not been recorded in the correct fiscal year, but on the cash basis of accounting.

Questioned Cost: None

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

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

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

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

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

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

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

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

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

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

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

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

- The grant bridging document reflects all cost reimbursement grants
- Receivables have been recognized for the excess of costs incurred over revenue in the correct fiscal year
- Deferred revenues have been recognized for the excess of revenues over costs incurred in the correct fiscal year
- The Schedule of Expenditures of Federal Awards is accurate and complete and reflects all federal pass-through grants
- Revenue classification within the Job Report is proper and reasonable
- Grant reporting is based on the Job Report; The job report is periodically reconciled to reports provided by the grantor

Status This finding has been remediated.