

**LAKE FAMILY RESOURCE CENTER  
SINGLE AUDIT REPORTS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**VASIN, HEYN & COMPANY**

*ABOVE THE BRIGHT LINE*

---

AN ACCOUNTANCY CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
ORGANIZATION**

Lake Family Resource Center (Organization) is a nonprofit corporation organized in 1995 under the laws of the State of California. The primary purpose of the Organization is to provide intervention, support, education, and prevention programs to improve total health status and family wellness for all residents of Lake County.

**BOARD OF DIRECTORS**

<b><u>Name</u></b>	<b><u>Office</u></b>
Mr. Andrew Peterson	Chair / Finance Committee
Mr. Harry "Buz" Dereniuk	Vice Chair / Finance Committee
Ilene Dumont	Secretary
John Tomkins	Treasurer / Finance Committee
Becky Salato	Member
Karlene Ellis	Member
Richard Freeborn	Member
Stephanie Simon	Member
Genee Woodson	Member

**ADMINISTRATION**

Ms. Lisa Morrow, Executive Director  
Ms. Maggie Gonzalez, Director of Finance and Operations  
Ms. Michelle Meek, Human Resources Director

**ADDRESS OF ADMINISTRATIVE OFFICE**

5350 Main Street  
Kelseyville, CA 95451





**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
TABLE OF CONTENTS**

	<b>Page</b>
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1-1
Financial Statements:	
Statement of Financial Position	1-4
Statement of Activities	1-5
Statement of Functional Expenses	1-6
Statement of Cash Flows	1-7
Notes to Financial Statements	1-8
 <b>INFORMATION REQUIRED BY GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-1
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	2-3
Schedule of Expenditures of Federal and State Awards	2-5
Notes to Schedule of Expenditures of Federal and State Awards	2-7
Schedule of Findings and Questioned Costs	2-8
Schedule of Current and Prior Years Findings and Questioned Costs	2-9



# VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Lake Family Resource Center  
(A California Non-Profit Corporation)  
Kelseyville, California

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Lake Family Resource Center (A California Non-Profit Corporation) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

## INDEPENDENT AUDITORS' REPORT (Continued)

### ***Opinion***

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

### ***Emphasis of Matter***

As described in Note 13 to the financial statements, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic on March 11, 2020 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.

### ***Change in Accounting Principles***

As described in Note 2 to the financial statements, Lake Family Resource Center has adopted ASU 2014-09 *Revenue from Contracts with Customers* and ASU 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to those matters.

### ***Report on Summarized Comparative Information***

We previously audited Lake Family Resource Center's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived. The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Lake Family Resource Center.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and State 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## INDEPENDENT AUDITORS' REPORT (Continued)

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2021, on our consideration of Lake Family Resource Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Family Resource Center's internal control over financial reporting and compliance.

Voxen, Hahn + Co.

Calabasas, California  
April 28, 2021

**LAKE FAMILY RESOURCE CENTER**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 302,868	\$ 151,961
Accounts and grants receivable	466,548	370,810
Deposits and prepaid expenses	14,356	35,929
Property and equipment, net	<u>1,176,267</u>	<u>1,163,021</u>
 Total assets	 <u>\$ 1,960,039</u>	 <u>\$ 1,721,721</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 38,962	\$ 113,363
Accrued payroll and related liabilities	159,764	191,108
Compensated absences	106,925	49,758
Deferred revenue	85,331	107,869
Payable to County of Lake	25,966	33,459
Loan payable	63,563	73,920
Service payback obligation	-	100,000
Paycheck Protection Program Loan	<u>344,869</u>	<u>-</u>
 Total liabilities	 825,380	 669,477
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>NET ASSETS</b>		
Without donor restrictions	1,060,030	1,052,244
With donor restrictions	<u>74,629</u>	<u>-</u>
 Total net assets	 <u>1,134,659</u>	 <u>1,052,244</u>
 Total liabilities and net assets	 <u>\$ 1,960,039</u>	 <u>\$ 1,721,721</u>

See accompanying auditors' reports and notes to financial statements

**LAKE FAMILY RESOURCE CENTER**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>REVENUE, SUPPORT AND RESTRICTIONS RELEASED</b>				
Governmental service contracts	\$ 3,192,191	\$ -	\$ 3,192,191	\$ 3,393,192
Other support contracts	20,454	-	20,454	14,070
Contributions and grants	144,556	204,208	348,764	20,284
In-kind revenue	366,246	-	366,246	533,159
Interest income	598	-	598	3
Reduction of service payback obligation	100,000	-	100,000	900,000
Other income	-	-	-	58
Special events revenue	39,704	-	39,704	67,173
Restrictions released	<u>129,579</u>	<u>(129,579)</u>	<u>-</u>	<u>-</u>
 Total revenue, support and restrictions released	 3,993,328	 74,629	 4,067,957	 4,927,939
<b>EXPENSES</b>				
Child and youth development	1,435,782	-	1,435,782	1,539,495
Parenting education and personal development	122,212	-	122,212	125,941
Family and community violence prevention, intervention, and treatment	1,495,471	-	1,495,471	1,538,867
Health and wellness	52,123	-	52,123	244,179
General Operating	837,889	-	837,889	443,135
Fundraising expenses	<u>42,065</u>	<u>-</u>	<u>42,065</u>	<u>24,443</u>
 Total expenses	 <u>3,985,542</u>	 <u>-</u>	 <u>3,985,542</u>	 <u>3,916,060</u>
 <b>CHANGE IN NET ASSETS</b>	 7,786	 74,629	 82,415	 1,011,879
 <b>NET ASSETS - beginning of year</b>	 <u>1,052,244</u>	 <u>-</u>	 <u>1,052,244</u>	 <u>40,365</u>
 <b>NET ASSETS - end of year</b>	 <u>\$ 1,060,030</u>	 <u>\$ 74,629</u>	 <u>\$ 1,134,659</u>	 <u>\$ 1,052,244</u>

See accompanying auditors' reports and notes to financial statements



**LAKE FAMILY RESOURCE CENTER**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>Program Services</u>					<u>Fundraising</u>	<u>2020 Total Expenses</u>	<u>2019 Total Expenses</u>
	<u>Child and Youth Development</u>	<u>Parenting Education and Personal Development</u>	<u>Family and Community Violence Prevention, Intervention, and Treatment</u>	<u>Health and Wellness</u>	<u>General Operating</u>			
<b>Salaries and related expenses</b>								
Salaries	\$ 749,137	\$ 84,003	\$ 664,980	\$ 39,282	\$ 309,402	\$ -	\$ 1,846,804	\$ 1,812,645
Payroll taxes and employee benefits	172,439	19,120	156,251	5,135	147,788	-	500,733	453,835
	<u>921,576</u>	<u>103,123</u>	<u>821,231</u>	<u>44,417</u>	<u>457,190</u>	<u>-</u>	<u>\$ 2,347,537</u>	<u>2,266,480</u>
<b>Other expenses</b>								
Advertising and promotion	28	2	23	-	2	13	68	307
Auto expense	859	20	2,277	(51)	9	-	3,114	6,879
Bank charges	-	-	-	-	2,194	-	2,194	2,312
Client assistance	20,491	100	196,984	(1,001)	(500)	-	216,074	463,226
Computer expenses	8,033	737	6,352	-	336	-	15,458	12,781
Depreciation	-	-	-	-	41,877	-	41,877	36,459
Dues and subscriptions	8,006	391	5,087	-	2,008	538	16,030	18,709
Education and training	18,798	-	12,707	56	176	-	31,737	21,399
Equipment rental and maintenance	13,357	372	18,180	1,145	(4,968)	5,027	33,113	33,294
Improvements	-	-	-	-	-	-	-	2,202
In-kind, facilities	1,112	-	8,672	-	-	-	9,784	834
In-kind, materials and equipment	1,661	-	35,110	-	500	2,248	39,519	28,550
In-kind, mileage	-	-	650	-	-	-	650	13
In-kind, volunteer services	227,032	-	85,960	140	1,800	1,361	316,293	503,762
Insurance	21,393	2,022	16,909	-	1,570	-	41,894	30,577
Interest expense	-	-	-	-	8,927	-	8,927	5,847
Licenses and permits	1,335	55	1,823	-	2,785	399	6,397	3,997
Miscellaneous expenses	1,373	2	647	(200)	253,209	6,553	261,584	26,546
Office expenses	4,496	234	4,466	43	2,923	595	12,757	26,401
Postage	136	5	391	-	1,002	88	1,622	3,151
Printing	550	-	320	-	-	775	1,645	564
Professional fees	11,129	978	33,720	93	105,008	20,413	171,341	50,979
Rent	59,387	5,656	24,551	778	1,884	-	92,256	93,364
Repairs and maintenance	26,679	1,417	91,790	(46)	(53,949)	-	65,891	51,267
Small equipment	-	-	2,696	-	-	-	2,696	1,331
Supplies	27,171	1,236	27,424	(1,646)	437	3,875	58,497	36,737
Telephone and communications	12,925	1,492	20,304	2,991	2,661	7	40,380	31,319
Travel	25,691	2,218	44,245	5,404	9,668	173	87,399	96,559
Utilities	22,564	2,152	32,952	-	1,140	-	58,808	60,214
<b>Total expenses</b>	<u>\$ 1,435,782</u>	<u>\$ 122,212</u>	<u>\$ 1,495,471</u>	<u>\$ 52,123</u>	<u>\$ 837,889</u>	<u>\$ 42,065</u>	<u>\$ 3,985,542</u>	<u>\$ 3,916,060</u>
<b>Administrative costs</b>	<u>\$ 113,630</u>	<u>\$ 14,588</u>	<u>\$ 139,062</u>	<u>\$ 5,007</u>	<u>\$ (272,287)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying auditors' reports and notes to financial statements

**LAKE FAMILY RESOURCE CENTER**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 82,415	\$ 1,011,879
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	41,877	36,459
Reduction of service payback obligation	(100,000)	100,000
Restatement adjustment	-	(1,000,000)
(Increase) decrease in:		
Accounts and grants receivable	(95,738)	(134,054)
Deposits and prepaid expenses	21,573	(8,419)
Increase (decrease) in:		
Accounts payable	(74,401)	49,220
Accrued payroll and related liabilities	(31,344)	57,025
Compensated absences	57,167	9,799
Deferred revenue	(22,538)	(35,810)
Payable to County of Lake	(7,493)	(7,416)
Total adjustments	<u>(210,897)</u>	<u>(933,196)</u>
Net Cash Provided (Used) by Operating Activities	(128,482)	78,683
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of fixed assets	<u>(55,123)</u>	<u>(49,932)</u>
Net Cash Provided (Used) by Investing Activities	<u>(55,123)</u>	<u>(49,932)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings on loan payable	-	80,000
Proceeds from borrowings on Paycheck Protection Program Loan	437,852	-
Forgiveness on Paycheck Protection Program Loan	(92,983)	-
Proceeds from borrowings on line of credit	487,067	310,000
Repayment of line of credit	(487,067)	(390,600)
Repayment of loan payable	<u>(10,357)</u>	<u>(6,080)</u>
Net Cash Provided (Used) by Financing Activities	<u>334,512</u>	<u>(6,680)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	150,907	22,071
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>151,961</u>	<u>129,890</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 302,868</u>	<u>\$ 151,961</u>
<b>Non-cash activities disclosure:</b>		
In-kind contributions	<u>\$ 366,246</u>	<u>\$ 533,159</u>
Reduction of service payback obligation	<u>\$ 100,000</u>	<u>\$ (100,000)</u>
<b>Supplemental disclosure:</b>		
Interest paid	<u>\$ 8,927</u>	<u>\$ 5,847</u>

See accompanying auditors' reports and notes to financial statements

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1. ORGANIZATION**

Lake Family Resource Center (Organization) is a nonprofit corporation organized in 1995 under the laws of the State of California. The primary purposes of the Organization are to provide intervention, support, education, and prevention programs to improve total health status and family wellness for all residents of Lake County.

*Functional Expenses*

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities.

The Organization maintains the following six main functions:

Child and Youth Development – The program is comprised of the following specialized services: The Early Head Start Program is a national program that promotes school readiness by enhancing the social and cognitive development of children through the provision of educational, health, nutritional, social, and other services to enrolled children and families. The Adolescent Family Life Program promotes the development of collaborative and integrated systems of care that support pregnant and parenting adolescents and their children. Early Start provides family support services to developmentally disabled infants, toddlers and their families through the local Family Resource Center/Network (FRC/N) as specified in Government Code Section 95016(B). Prevention Resource and Referral Services (PRRS) provides delivery of outreach, information and referral to generic services to “at-risk” babies in our region. The Cal-Learn program assists CalWORKs teen parents in becoming self-sufficient by addressing the unique educational, vocational, training, health and other social service needs they may require. Financial incentives and penalties are used to encourage these teen parents to stay in or return to school and earn a high school diploma or its equivalent. In addition, a case manager works with the teen parent and provides intensive case management as well as supportive services. The California Personal Responsibility Education Program (CA PREP) is intended to educate youth on preventing pregnancy and sexually transmitted infections (STIs), including the human immunodeficiency virus (HIV). The program includes both abstinence based and contraception, and covers selected adulthood preparation subjects (APS).

Parenting Education and Personal Development – The program is comprised of the following specialized services: The Nurturing Parenting Programs teach age-specific parenting skills along with addressing the need to nurture oneself.

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1. ORGANIZATION - Continued**

Family and Community Violence Prevention, Intervention, and Treatment – The program is comprised of various specialized services: The Domestic Violence Assistance Program and Welfare to Work Program provide a domestic violence shelter and counseling services. The Rape Crisis Center and Rape Prevention and Education Programs assist sexual assault victims in dealing with the emotional trauma inflicted by the assault, and conduct activities related to the prevention of sexual violence. Differential Response (DR) is an alternate response for low or moderate severity child abuse and neglect cases. It allows our Family Advocates and county social workers to work together to engage and include families and other community support systems to ensure child safety without making a strict “finding.” The Domestic Violence Housing First (XD/KD) Program, (DVHF) program expands the number of domestic violence-specific projects that first focus on helping victims increase access to and retain safe, permanent housing and provide tailored supportive services. The Victim Advocacy in Detention Facilities (KA) Program increase access to appropriate services for victims of sexual assault in detention facilities. The Program will fund a Sexual Assault Counselor, per Evidence Code §1035.2, to focus solely on serving victims in local detention facilities, and to act as a point of contact to assist in removing any physical or programmatic barriers to service for victims in the detention facility. The Transitional Housing Assistance Grants for Victims of Domestic Violence, Dating Violence, Sexual Assault and Stalking (Transitional Housing Program) supports programs that provide 6-24 months of transitional housing with support services for victims who are homeless or in need of transitional housing as a result of a situation of domestic violence, dating violence, sexual assault or stalking; and for whom emergency shelter services or other crisis intervention services are unavailable or insufficient. The Transitional Housing (XH) Program will support transitional housing, short-term housing assistance, and supportive services, including follow-up services that move victims of crime into permanent housing. The Human Trafficking Program supports direct services to victims of sex trafficking and labor trafficking, as well as for efforts to increase the capacity of communities to respond to human trafficking through the development of interagency partnerships, professional training, and public awareness activities.

Health and Wellness – The program is comprised of various specialized services: The Child Abuse Treatment Program provides comprehensive direct services to children who are victims of abuse, neglect, domestic violence, community violence, and abduction.

General Operating – General operating expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Fundraising – Fundraising activities are organized by the Lake Family Resource Center Fundraising Committee and include the Wine and Chocolate Event, the Olive Festival and other small events. Planning for the Luau Event to be held in July 2019 began.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Organization prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by the Organization are described below to enhance the usefulness and understandability of the financial statements.

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Net Assets*

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Net assets without donor restrictions.* Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Net assets with donor restrictions.* Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period or are limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The Organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as donor restricted until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

*Cash and Cash Equivalents*

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. At June 30, 2020, the Organization did not have any highly liquid investments.

*Accounts and Grants Receivables*

Receivables consist of grants and other miscellaneous amounts and are stated at the amount management expects to collect from outstanding balances. Grant receivables are primarily unsecured amounts due on cost reimbursement or performance contracts. Any amount that is denied for reimbursement is written off when the Organization receives notification from the grantor agency. The Organization uses the allowance method of accounting for its account receivables that are determined to be potentially uncollectable. No allowance for doubtful accounts for grants and other miscellaneous receivables is considered necessary at June 30, 2020.

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Deposits and Prepaid Expenses*

Prepaid insurance, deposits, and other costs are expensed ratably over their respective terms of agreement.

*Property and Equipment, Net*

Buildings, equipment, furniture and fixtures, vehicles, and other property are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All assets purchased over \$5,000 with useful life over one year will be capitalized and depreciated using straight-line method. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 to 30 years
Building improvements	5 to 10 years
Equipment	3 to 7 years
Furniture and fixtures	5 to 7 years
Leasehold improvements	Remaining lease term
Vehicles	5 years

Property and equipment purchased in connection with the restricted funds of the U.S. Department of Health and Human Services are expensed during the grant period. Assets purchased with grantor funds, which are not expensed in the period acquired are recorded as an asset and an offsetting liability. The related assets are depreciated over their estimated useful lives.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restrictions.

*Deferred Revenue*

Cash received for Federal, State, and other restricted projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Revenue Recognition*

Revenues from government agencies, and other third-party payors for services provided under such contracts are recognized when earned by the Organization. All gifts, bequests, and other public support are included in net assets without donor restrictions unless specifically restricted by the donor or the terms of the gift or grant instrument. Revenue received where the restriction is met in the same fiscal year is reported under net assets without donor restrictions. Amounts received in excess of balances earned are recognized as liabilities.

*Government Revenue*

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit required by the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

*Accounting for Contributions*

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with donor restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

*In-Kind Donations of Goods and Services*

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The types of in-kind donated to the Organization include volunteer services, mileage, facilities, and material and equipment. The total in-kind contributions for the year ended June 30, 2020 was \$366,246.

*Allocation of Expenses*

Costs incurred that are not chargeable directly to a program are allocated between the programs/grants, generally on a child served basis or allocated based on each program's number of full-time equivalent employees.

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Budgets and Budgetary Accounting*

Formal budgeting integration is employed as a management control device in that the budget is developed on a basis consistent with generally accepted accounting principles as approved by the Board of Directors which is updated as circumstances dictate.

*Risks and Uncertainties*

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

*Income Taxes*

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

The Organization has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2020, the Organization had no material unrecognized tax benefits, tax penalties or interest.

The Organization Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30; 2019, 2018, 2017, are subject to examination by the IRS, generally for 3 years after they were filed.

*Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.



**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Comparative Totals*

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

*Reclassifications*

Certain amounts in the 2019 comparative totals have been reclassified to conform with the 2020 reporting format.

*Accounting Pronouncements Adopted*

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. This clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The change in accounting principle was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2019. There was no financial effect of adopting the new accounting principles on contributions for the year ended June 30, 2020.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 outlines a single, comprehensive model for companies to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. The change in accounting principle was adopted on the retrospective basis which resulted in no change to revenue previously reported and, also had no effect on the revenue recognized for the year ended June 30, 2020.

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Fair Value Measurements*

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
(CONTINUED)**

**3. CASH AND CASH EQUIVALENTS**

Cash and equivalents at June 30, 2020 was \$302,868.

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of any investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair values to changes in market interest rates.

*Custodial Credit Risk – Deposits*

This is the risk that in the event of a bank failure, the Organization’s deposits may not be returned to it. The Organization does not have a formal policy for custodial credit risk for deposits. Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2020, the Organization had \$55,635 in excess of the FDIC insurance limits.

**4. ACCOUNTS AND GRANTS RECEIVABLE**

At June 30, 2020, accounts and grants receivables consisted of the following:

	<u>Amount</u>
California Department of Developmental Services	\$ 3,811
California Department of Public Health	67,462
California Office of Emergency Services	235,152
County of Lake Auditor-Controller's Office	6,582
DOJ Office for Victims of Crime	9,950
DOJ Office for Violence Against Women	8,274
Lakeport Senior Center	3,145
State of California Victim Compensation	1,386
Other accounts receivables	<u>130,786</u>
Total accounts and grants receivables	<u>\$ 466,548</u>

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
(CONTINUED)**

**5. PROPERTY AND EQUIPMENT, NET**

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

	Amount
Buildings and improvements	\$ 736,274
Equipment	127,538
Furniture and fixtures	61,416
Land	540,000
Leasehold improvements	362,946
Vehicles	113,377
	1,941,551
Less accumulated depreciation	(765,284)
Total property and equipment, net	\$ 1,176,267

Total depreciation expense for the year ended June 30, 2020 was \$41,877.

**6. COMPENSATED ABSENCES**

Vacation and holiday benefits are accrued on a monthly basis beginning at the employee's date of hire and can be used three months after an employee's official hire date. Regular status employees are eligible for vacation and holiday accrual. Currently, the Organization, does not maintain a policy to cap the accrued balances.

Employees earn vacation time at the following rates:

<u>Years Employed</u>	<u>Annualized Accrual</u>	<u>Maximum Accrual</u>
1-2 years	168 hours	2 weeks
3-4 years	208 hours	3 weeks
5-6 years	248 hours	4 weeks
7-9 years	288 hours	5 weeks
10+ years	328 hours	6 weeks

Total accrued vacation and holiday time at June 30, 2020 was \$106,925.

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
(CONTINUED)**

**7. DEFERRED REVENUE**

At June 30, 2020 deferred revenue consisted of the following:

	<u>Amount</u>
Beginning balance, at July 1, 2019:	\$ 107,869
Additions:	
Hope Rising	107,066
Other	38,029
Reductions:	<u>(167,633)</u>
Ending balance, at June 30, 2020:	<u>\$ 85,331</u>

**8. BORROWING ARRANGEMENTS**

*Payable to County of Lake*

During the year ended June 30, 2013, costs determined unallowable to the Tobacco program, a program maintained by the Organization on behalf of the County of Lake, resulted in an amount to be repaid to the County. The original amount payable was \$61,875. As of, June 30, 2014 the Organization had negotiated a repayment plan with the County of Lake. According to the note, the balance is secured by the property owned by the Organization at 1293 Craig Avenue, Lakeport, California 95453. Payments may be made on this from time to time as funds are available. The balance is due in full on or before November 1, 2024. The organization also agrees to remit at least one-third of unrestricted donations received in amounts greater than \$1,000 to the County of Lake, as a payment on principle, as they are received. At June 30, 2020, the Organization had a balance due in the amount of \$25,966.

*Loan Payable*

On February 2019, the Organization entered into a loan payable with Savings Bank of Mendocino County which matures February 2024. The loan is payable in monthly installments of \$1,602 per month with interest payable at 7.5% per annum. The balance owed at June 30, 2020 was \$63,563. For the year ended June 30, 2020 interest expense was \$7,655.

Future minimum payments on the loan payable are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 15,125
2022	16,299
2023	17,564
2024	<u>14,575</u>
Total	<u>\$ 63,563</u>

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**8. BORROWING ARRANGEMENTS - Continued**

*Line of Credit*

Pursuant to a revolving line of credit agreement with Savings Bank of Mendocino County which expires on May 8, 2021, the Organization may borrow up to \$100,000 bearing interest at the current index rate, as defined, generally prime plus 2.25% per annum. The loan agreement is collateralized by the Organization’s inventory, chattel paper, accounts, equipment, and general intangibles. The line of credit agreements contains certain covenants which were in compliance during the year ended June 30, 2020. For the year ended June 30, 2020 interest expense was \$752. There was no balance due to the bank at June 30, 2020.

*Paycheck Protection Program Loan*

During the year ended June 30, 2020 the Organization received a Paycheck Protection Program (PPP) loan for \$437,852. This loan was received on April 17, 2020. The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loan and accrued interest is forgivable after either eight weeks or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes such as payroll, benefits, rent and utilities, and maintains its payroll levels.

The amount of loan forgiveness may be reduced if the borrower terminates employees without cause or reduces salaries during the covered period. Any reductions in employment or salary will not reduce the amount of loan forgiveness if incurred by December 31, 2020.

The Organization currently believes that its intended use of the loan proceeds will meet the conditions for forgiveness of the loan and that they will qualify for forgiveness of the loan, in whole or in part. Accordingly, part of the PPP loan was recognized as revenue during the year ending June 30, 2020. The remaining balance recorded as a liability on the Statement of Financial Position at June 30, 2020 was \$344,869.

**9. COMMITMENTS**

*Facilities*

The Organization leases various facilities under non-cancelable lease agreements expiring at various times. Rent expense for year ended June 30, 2020 was \$92,256.

Minimum lease payments under this lease are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 105,468
2022	<u>94,138</u>
Total	<u>\$ 199,606</u>

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**9. COMMITMENTS - Continued**

*Equipment*

The Organization leases office equipment under a 5-year non-cancelable and 3.5- year non-cancelable, interest free, operating lease all expiring on March 31, 2022. Future payments are as follows:

<u>For the Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 18,672
2022	<u>14,004</u>
Total future minimum lease payments	<u>\$ 32,676</u>

For the year ended June 30, 2020, total equipment rental and maintenance expense was \$33,113.

**10. SPECIAL EVENTS REVENUE**

The Organization conducted various special events and fundraising activities during the year. The revenue and expenses from fund development activities for the year ended June 30, 2020 were as follows:

<u>Event</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Revenue</u>
Annual Appeal	\$ 5,995	\$ -	\$ 5,995
Kelseyville Olive Festival	5,000	(205)	4,795
Wine & Chocolate Event	<u>28,709</u>	<u>(13,092)</u>	<u>15,617</u>
Total special events revenue, net	<u>\$ 39,704</u>	<u>\$ (13,297)</u>	<u>\$ 26,407</u>

**11. EMPLOYEE BENEFIT PLAN**

The Organization maintains a defined contribution retirement plan available to its employees, which allows participants to make tax deferred investment contributions. The plan qualifies under the provision 403(b) of the Internal Revenue Code of 1954, as amended. The Organization may contribute a percentage of gross salaries to the plan. The total employer's cash contributions made by the Organization to the Plan for the year ended June 30, 2020 was \$32,365.

**LAKE FAMILY RESOURCE CENTER**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(CONTINUED)**

**12. NATURAL CLASSIFICATIONS**

The Organization's administrative costs are reimbursed by and allocated among the other divisions based on approved indirect cost rates. Natural classifications of expenses are as follows:

	<u>Amount</u>
Salaries and wages	\$ 224,028
Audit	362
Depreciation	41,877
Overhead	<u>6,020</u>
Total	<u>\$ 272,287</u>

**13. COMMITMENTS AND CONTINGENCIES**

*Governmental Funding*

The Organization received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Organization. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Organization at June 30, 2020.

*COVID-19*

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.

*Litigation*

As of June 30, 2020 the Organization is not currently involved in any litigation.

*Commitments*

As of June 30, 2020 the Organization had no material commitments outstanding.



**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020  
(CONTINUED)**

**14. CONCENTRATION RISK**

The majority of the Organization’s contributions and grants are received from corporations, foundations, and individuals and from agencies located throughout the state of California. As such, the Organization’s ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for the Organization’s services.

During the year ended June 30, 2020, approximately 78% of the total funding for the Organization came from the U.S. Department of Health and Human Services and California Office of Emergency Services.

**15. LIQUIDITY AND FUNDS AVAILABLE**

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

	<u>June 30, 2020</u>
Financial assets:	
Cash and cash equivalents	\$ 302,868
Accounts and grants receivables	<u>466,548</u>
Total financial assets	769,416
Less donor-imposed restrictions:	
Net assets with donor restrictions	<u>(74,629)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 694,787</u></u>

The Organization’s goal is generally to maintain financial assets to meet 60 days of operating expenses (approximately \$360,000). As part of its liquidity plan, the Organization bills government-funded contracts in accordance with funding terms and conditions or receives periodic advances from funders, generally monthly. Amounts available for expenditure over the period of the next twelve are dependent on governmental funder’s payment cycles which vary from 30 to 90 days. The Organization has a \$100,000 line of credit available to meet cash flow needs.

**16. SUBSEQUENT EVENTS**

The Organization has evaluated events subsequent to June 30, 2020, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through April 28, 2021, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**INFORMATION REQUIRED BY *GOVERNMENT AUDITING STANDARDS*  
AND THE UNIFORM GUIDANCE**



**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 of  
Lake Family Resource Center  
(A California Non-Profit Corporation)  
Kelseyville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lake Family Resource Center (A California Non-Profit Corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 28, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Lake Family Resource Center'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lake Family Resource Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Lake Family Resource Center 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 financial statements. 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.

Vorlein, Hayn + Co.

Calabasas, California  
April 28, 2021

**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 of  
Lake Family Resource Center  
(A California Non-Profit Corporation)  
Kelseyville, California

***Report on Compliance for Each Major Federal Program***

We have audited Lake Family Resource Center (A California Non-Profit Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lake Family Resource Center's major federal programs for the year ended June 30, 2020. Lake Family Resource Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Lake Family Resource Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lake Family Resource Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lake Family Resource Center's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Lake Family Resource Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### ***Report on Internal Control Over Compliance***

Management of Lake Family Resource Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lake Family Resource Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lake Family Resource Center's internal control over compliance.

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

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

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

*Vorwin, Hryn + Co.*

Calabasas, California  
April 28, 2021

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020  
(FEIN: 68-0353914)**

Federal & State Grantor/ Pass Through Grantor/ Program Title	Federal CFDA #	Pass-Through/ Award Number	Expenditures	Payments to Subrecipients
<b>FEDERAL FUNDING:</b>				
<b>U.S. Department of Justice</b>				
<b>Direct:</b>				
Transitional Housing Domestic Violence Sexual Assault Program				
<b>Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault</b>	<b>16.736</b>	2017-WH-AX-0022	<b>\$ 100,298</b>	<b>\$ -</b>
Passed Through the California Office of Emergency Services (Cal OES)				
Victims of Crime Act - Rape Crisis (07/01/2019 - 09/30/2019)	16.575	RC 18 21 1641	75,304	-
Victims of Crime Act - Rape Crisis (10/01/2019 - 06/30/2020)	16.575	RC 19 22 1641	142,934	-
Victims of Crime Act - CHAT (07/01/2019 - 09/30/2019)	16.575	AT 18 04 1641	50,106	-
Victims of Crime Act - CHAT (10/01/2019 - 06/30/2020)	16.575	AT 19 05 1641	134,568	-
Victims of Crime Act - DVAP (07/01/2019 - 09/30/2019)	16.575	DV 18 18 1641	90,310	-
Victims of Crime Act - DVAP (10/01/2019 - 06/30/2020)	16.575	DV 19 19 1641	230,371	-
Victims of Crime Act - KD (07/01/2019 - 12/31/2019)	16.575	KD 17 01 1641	130,246	-
Victims of Crime Act - XD (01/01/2020 - 06/30/2020)	16.575	XD 19 02 1641	110,370	-
Victims of Crime Act - KA (07/01/2019 - 09/30/2019)	16.575	KA 17 01 1641	41,715	-
Victims of Crime Act - KA (10/01/2019 - 06/30/2020)	16.575	KA 19 02 1641	102,474	-
<b>Crime Victim Assistance</b>	<b>16.575</b>		<b>1,108,398</b>	<b>-</b>
<b>Total U.S. Department of Justice</b>			<b>\$ 1,208,696</b>	<b>\$ -</b>
<b>U.S. Department of Health and Human Services</b>				
<b>Direct:</b>				
Early Head Start (07/01/2019 - 04/30/2020)	93.600	09CH9194/05	\$ 768,498	\$ -
Early Head Start (05/01/2020 - 06/30/2020)	93.600	09CH011466-01-02	189,957	-
<b>Head Start</b>	<b>93.600</b>		<b>958,455</b>	<b>-</b>
Passed Through Lake County Department of Social Services				
Temporary Assistance for Needy Families - Welfare to Work	93.558	N/A	21,525	-
Temporary Assistance for Needy Families - Cal-Learn	93.558	N/A	37,466	-
<b>Temporary Assistance for Needy Families</b>	<b>93.558</b>		<b>58,991</b>	<b>-</b>
Passed Through the California Department of Health Services				
Adolescent Family Life Demonstration Projects				
<b>Maternal and Child Health Services Block Grant to the States</b>	<b>93.994</b>	12-10068	<b>111,032</b>	<b>-</b>

**LAKE FAMILY RESOURCE CENTER**  
**(A California Non-Profit Corporation)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(FEIN: 68-0353914)**  
**(CONTINUED)**

Federal & State Grantor/ Pass Through Grantor/ Program Title	Federal CFDA #	Pass-Through/ Award Number	Expenditures	Payments to Subrecipients
<b>FEDERAL FUNDING (Continued):</b>				
Passed Through the California Department of Health Services Personal Responsibility Education Program <b>Affordable Care Act (ACA) Personal Responsibility Education Program</b>	<b>93.092</b>	15-10310	<u><b>97,504</b></u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 1,225,982</b>	<b>\$ -</b>
<b>U. S. Department of Agriculture</b>				
Passed Through the California Department of Education <b>Child and Adult Care Food Program</b>	<b>10.558</b>	17-3008-OJ	<u><b>\$ 14,788</b></u>	<u><b>\$ -</b></u>
<b>Total U.S. Department of Agriculture</b>			<u><b>\$ 14,788</b></u>	<u><b>\$ -</b></u>
<b>TOTAL FEDERAL PROGRAMS</b>			<u><b>\$ 2,449,466</b></u>	<u><b>\$ -</b></u>
<b>STATE FUNDING:</b>				
Passed Through the California Office of Emergency Services (Cal OES) Victims of Crime Act - Rape Crisis (07/01/2019 - 09/30/2019)	N/A	RC 18 21 1641	\$ 1,948	\$ -
Victims of Crime Act - Rape Crisis (10/01/2019 - 06/30/2020)	N/A	RC 19 22 1641	8,335	-
Victims of Crime Act - DVAP (07/01/2019 - 09/30/2019)	N/A	DV 18 18 1641	71,787	-
Victims of Crime Act - DVAP (10/01/2019 - 06/30/2020)	N/A	DV 19 19 1641	<u>107,166</u>	<u>-</u>
<b>TOTAL STATE PROGRAMS</b>			<u><b>\$ 189,236</b></u>	<u><b>\$ -</b></u>
<b>TOTAL FEDERAL AND STATE PROGRAMS</b>			<u><b>\$ 2,638,702</b></u>	<u><b>\$ -</b></u>



**LAKE FAMILY RESOURCE CENTER**  
**(A California Non-Profit Corporation)**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal and State Awards (the "Schedule") includes the Federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*., wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**3. DE MINIMIS INDIRECT COST RATE**

The Organization elected to use the 10% de minimis indirect cost rate for the year ended June 30, 2020.

**4. LOAN AND LOAN GUARANTEE**

The Organization did not have any balances of federal loan and loan guarantee programs outstanding at June 30, 2020 for loans described in 2 CFR section 200.50(b).

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified.

Internal control over financial reporting:

• Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

• Significant deficiency(ies) identified?

\_\_\_\_\_ Yes        X   None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes        X   No

*Federal Awards*

Internal control over major programs:

• Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

• Significant deficiency(ies) identified?

\_\_\_\_\_ Yes        X   None Reported

Type of auditors' report issued on compliance for major programs

Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?

\_\_\_\_\_ Yes        X   No

Identification of major programs:

CFDA Number(s)

16.575

\_\_\_\_\_  
Name of Federal Program or Cluster  
Crime Victim Assistance

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes        X   No

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.

**LAKE FAMILY RESOURCE CENTER  
(A California Non-Profit Corporation)  
SCHEDULE OF CURRENT AND PRIOR YEARS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**CURRENT YEAR FINDINGS:**

**2020 Findings:**

There were no 2020 findings noted.

**2020 Questioned Costs:**

There were no 2020 questioned costs noted.

**PRIOR YEARS FINDINGS:**

**2019 Findings:**

There were no 2019 findings noted.

**2019 Questioned Costs:**

There were no 2019 questioned costs noted.

**2018 Findings:**

There were no 2018 findings noted.

**2018 Questioned Costs:**

There were no 2018 questioned costs noted.