

**LAKE FAMILY RESOURCE CENTER
SINGLE AUDIT REPORTS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

<u>Name</u>	<u>Office</u>
Mr. Harry "Buz" Dereniuk	Chair / Finance Committee
Stephanie Simon	Vice Chair
Ilene Dumont	Secretary / Finance Committee
John Tomkins	Treasurer / Finance Committee
Becky Salato	Member
Karlene Ellis	Member
Shelly Trumbo	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)
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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, 2021, 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, 2021, 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 12 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.

Report on Summarized Comparative Information

We previously audited Lake Family Resource Center's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 September 28, 2022, 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
September 28, 2022

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 25,513	\$ 302,868
Accounts and grants receivable	739,799	466,548
Deposits and prepaid expenses	16,820	14,356
Property and equipment, net	<u>1,390,343</u>	<u>1,176,267</u>
Total assets	<u>\$ 2,172,475</u>	<u>\$ 1,960,039</u>
LIABILITIES		
Accounts payable	\$ 248,798	\$ 38,962
Accrued payroll and related liabilities	148,695	159,764
Compensated absences	69,496	106,925
Deferred revenue	62,101	85,331
Payable to County of Lake	22,466	25,966
Loan payable	53,734	63,563
Paycheck Protection Program Loan	<u>245,435</u>	<u>344,869</u>
Total liabilities	850,725	825,380
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	1,321,405	1,060,030
With donor restrictions	<u>345</u>	<u>74,629</u>
Total net assets	<u>1,321,750</u>	<u>1,134,659</u>
Total liabilities and net assets	<u>\$ 2,172,475</u>	<u>\$ 1,960,039</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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE, SUPPORT AND RESTRICTIONS RELEASED				
Governmental service contracts	\$ 3,272,478	\$ -	\$ 3,272,478	\$ 3,078,208
Other support contracts	28,764	-	28,764	20,454
Contributions and grants	63,774	1,700	65,474	348,764
In-kind revenue	402,067	-	402,067	366,246
Interest income	548	-	548	598
Forgiveness of Paycheck Protection Program loan	99,434	-	99,434	113,983
Reduction of service payback obligation	-	-	-	100,000
Other income	269,578	-	269,578	-
Special events revenue	-	-	-	39,704
Restrictions released	<u>75,984</u>	<u>(75,984)</u>	<u>-</u>	<u>-</u>
 Total revenue, support and restrictions released	 4,212,627	 (74,284)	 4,138,343	 4,067,957
EXPENSES				
Child and youth development	1,569,936	-	1,569,936	1,435,782
Parenting education and personal development	115,794	-	115,794	122,212
Family and community violence prevention, intervention, and treatment	1,722,844	-	1,722,844	1,495,471
Health and wellness	17,041	-	17,041	52,123
General Operating	467,299	-	467,299	837,889
Fundraising expenses	<u>58,338</u>	<u>-</u>	<u>58,338</u>	<u>42,065</u>
 Total expenses	 <u>3,951,252</u>	 <u>-</u>	 <u>3,951,252</u>	 <u>3,985,542</u>
 CHANGE IN NET ASSETS	 261,375	 (74,284)	 187,091	 82,415
 NET ASSETS - beginning of year	 <u>1,060,030</u>	 <u>74,629</u>	 <u>1,134,659</u>	 <u>1,052,244</u>
 NET ASSETS - end of year	 <u>\$ 1,321,405</u>	 <u>\$ 345</u>	 <u>\$ 1,321,750</u>	 <u>\$ 1,134,659</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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Program Services						2021 Total Expenses	2020 Total Expenses
	Child and Youth Development	Parenting Education and Personal Development	Family and Community Violence Prevention, Intervention, and Treatment	Health and Wellness	General Operating	Fundraising		
Salaries and related expenses								
Salaries	\$ 709,880	\$ 74,940	\$ 762,917	\$ 13,551	\$ 319,119	\$ -	\$ 1,880,407	\$ 1,846,804
Payroll taxes and employee benefits	171,247	18,164	183,619	3,079	40,038	-	416,147	500,733
	881,127	93,104	946,536	16,630	359,157	-	\$ 2,296,554	2,347,537
Other expenses								
Advertising and promotion	112	2	246	-	316	-	676	68
Auto expense	384	39	1,461	-	18	-	1,902	3,114
Bank charges	-	-	-	-	1,696	-	1,696	2,194
Client assistance	20,369	300	152,181	-	(697)	-	172,153	216,074
Computer expenses	7,916	813	5,183	-	387	-	14,299	15,458
Contribution expense	-	-	-	-	(2,728)	-	(2,728)	244,269
Depreciation	-	-	-	-	46,570	-	46,570	41,877
Dues and subscriptions	4,682	94	3,592	-	4,801	24	13,193	16,030
Education and training	9,307	-	19,771	-	(243)	-	28,835	31,737
Equipment rental and maintenance	21,936	241	4,562	-	(1,216)	-	25,523	33,113
Improvements	40,858	-	-	-	19,000	-	59,858	-
In-kind, facilities	2,303	-	-	-	-	-	2,303	9,784
In-kind, materials and equipment	1,377	-	7,334	-	-	-	8,711	39,519
In-kind, mileage	-	-	-	-	-	-	-	650
In-kind, volunteer services	323,217	-	67,836	-	-	-	391,053	316,293
Insurance	17,643	1,812	16,489	-	(7,796)	-	28,148	41,894
Interest expense	-	-	-	-	21,243	-	21,243	8,927
Licenses and permits	902	8	5,364	-	(1,274)	-	5,000	6,397
Miscellaneous expenses	649	-	277	8	21,451	587	22,972	17,315
Office expenses	6,616	2,194	20,931	-	1,072	-	30,813	12,757
Postage	72	1	369	1	933	-	1,376	1,622
Printing	554	10	893	-	5	-	1,462	1,645
Professional fees	9,264	952	11,942	-	442	57,542	80,142	171,341
Rent	69,073	7,052	31,311	399	4,443	181	112,459	92,256
Repairs and maintenance	39,238	3,600	277,699	-	(5,367)	-	315,170	65,891
Small equipment	2,820	96	7,599	-	(2,100)	-	8,415	2,696
Stipends	-	-	14,430	-	-	-	14,430	-
Supplies	69,969	494	49,647	-	(482)	-	119,628	58,497
Telephone and communications	13,189	1,789	34,029	-	3,964	4	52,975	40,380
Travel	6,116	1,113	4,470	-	2,837	-	14,536	87,399
Utilities	20,243	2,080	38,692	3	867	-	61,885	58,808
Total expenses	\$ 1,569,936	\$ 115,794	\$ 1,722,844	\$ 17,041	\$ 467,299	\$ 58,338	\$ 3,951,252	\$ 3,985,542
Administrative costs	\$ 124,109	\$ 14,587	\$ 157,545	\$ 1,471	\$ (297,712)	\$ -	\$ -	\$ -

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, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 187,091	\$ 82,415
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	46,570	41,877
Reduction of service payback obligation	-	(100,000)
(Increase) decrease in:		
Accounts and grants receivable	(273,251)	(95,738)
Deposits and prepaid expenses	(2,464)	21,573
Increase (decrease) in:		
Accounts payable	209,836	(74,401)
Accrued payroll and related liabilities	(11,069)	(31,344)
Compensated absences	(37,429)	57,167
Deferred revenue	(23,230)	(22,538)
Payable to County of Lake	(3,500)	(7,493)
Total adjustments	<u>(94,537)</u>	<u>(210,897)</u>
Net Cash Provided (Used) by Operating Activities	92,554	(128,482)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(260,646)</u>	<u>(55,123)</u>
Net Cash Provided (Used) by Investing Activities	(260,646)	(55,123)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings on Paycheck Protection Program Loan	-	437,852
Forgiveness on Paycheck Protection Program Loan	(99,434)	(92,983)
Proceeds from borrowings on line of credit	463,106	487,067
Repayment of line of credit	(463,106)	(487,067)
Repayment of loan payable	<u>(9,829)</u>	<u>(10,357)</u>
Net Cash Provided (Used) by Financing Activities	<u>(109,263)</u>	<u>334,512</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(277,355)	150,907
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>302,868</u>	<u>151,961</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 25,513</u>	<u>\$ 302,868</u>
Non-cash activities disclosure:		
In-kind contributions	<u>\$ 402,067</u>	<u>\$ 366,246</u>
Reduction of service payback obligation	<u>\$ -</u>	<u>\$ 100,000</u>
Supplemental disclosure:		
Interest paid	<u>\$ 21,243</u>	<u>\$ 8,927</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, 2021**

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. 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, 2021

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) 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 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 inter-agency 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. During the fiscal year ended June 30, 2021, no fundraising activities were held.

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)

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.

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, 2021, the Organization did not have any highly liquid investments.

**LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2021.

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, 2021**

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, 2021 was \$402,067.

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, 2021**

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, 2021, 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; 2020, 2019, and 2018, are subject to examination by the IRS, generally for 3 years after they were filed.

The Organization's Forms 199, *California Exempt Organization Return*, for each of the tax years ended June 30, 2020, 2019, 2018, and 2017, are subject to examination by the Franchise Tax Board, generally for 4 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, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Reclassifications

Certain amounts in the 2020 comparative totals have been reclassified to conform with the 2021 reporting format.

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, 2020 from which the summarized information was derived.

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.

**LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Net Assets (Continued)

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.

3. CASH AND CASH EQUIVALENTS

Cash and equivalents at June 30, 2021 was \$25,513.

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, 2021, the Organization had no balances in excess of the FDIC insurance limits.

4. ACCOUNTS AND GRANTS RECEIVABLE

At June 30, 2021, accounts and grants receivables consisted of the following:

	<u>Amount</u>
California Department of Developmental Services	\$ 11,284
California Department of Public Health	48,377
California Office of Emergency Services	292,703
County of Lake	100,181
Early Head Start	116,668
Lakeport Senior Center	73,569
Other accounts receivables	<u>97,017</u>
Total accounts and grants receivables	<u>\$ 739,799</u>

**LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)**

5. PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2021 consists of the following:

	<u>Amount</u>
Buildings and improvements	\$ 922,871
Equipment	133,579
Furniture and fixtures	61,416
Land	540,000
Leasehold improvements	388,315
Vehicles	<u>152,377</u>
	2,198,558
Less accumulated depreciation	<u>(808,215)</u>
Total property and equipment, net	<u>\$ 1,390,343</u>

Total depreciation expense for the year ended June 30, 2021 was \$46,570.

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, 2021 was \$69,496.

**LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)**

7. DEFERRED REVENUE

At June 30, 2021 deferred revenue consisted of the following:

	<u>Amount</u>
Beginning balance, at July 1, 2020:	\$ 85,331
Additions:	
Early Head Start	53,783
Reductions:	<u>(77,013)</u>
Ending balance, at June 30, 2021:	<u>\$ 62,101</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, 2021, the Organization had a balance due in the amount of \$22,466.

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, 2021 was \$53,734. For the year ended June 30, 2021 interest expense was \$2,989.

Future minimum payments on the loan payable are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ 15,807
2023	16,949
2024	<u>20,978</u>
Total	<u>\$ 53,734</u>

**LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

8. BORROWING ARRANGEMENTS - Continued

Line of Credit

Pursuant to a revolving line of credit agreement with Savings Bank of Mendocino County, 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, 2021. For the year ended June 30, 2021 interest expense was \$2,462. There was no balance due to the bank at June 30, 2021.

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, 2021. The remaining balance recorded as a liability on the Statement of Financial Position at June 30, 2021 was \$245,435.

9. COMMITMENTS

Facilities

The Organization leases various facilities under non-cancelable lease agreements expiring at various times. Rent expense for year ended June 30, 2021 was \$122,459.

Minimum lease payments under this lease are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ 97,270
2023	<u>67,376</u>
Total	<u>\$ 164,646</u>

**LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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:

Year Ended June 30,	Amount
2022	\$ 14,004
Total future minimum lease payments	\$ 14,004

For the year ended June 30, 2021, total equipment rental and maintenance expense was \$20,657.

10. 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, 2021 was \$36,555.

11. 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:

	Amount
Salaries and wages	\$ 241,041
Audit	442
Depreciation	46,570
Overhead	9,659
Total	\$ 297,712

**LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)**

12. 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, 2021.

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, 2021 the Organization is not currently involved in any litigation.

Commitments

As of June 30, 2021 the Organization had no material commitments outstanding.

13. 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, 2021, 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.

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)

14. LIQUIDITY AND FUNDS AVAILABLE

The total financial assets held by the Organization at June 30, 2021 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, 2021</u>
Financial assets:	
Cash and cash equivalents	\$ 25,513
Accounts and grants receivables	<u>739,799</u>
Total financial assets	765,312
Less donor-imposed restrictions:	
Net assets with donor restrictions	<u>(345)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 764,967</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.

15. SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to June 30, 2021, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 28, 2022, 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, 2021, 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 28, 2022.

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
September 28, 2022

**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, 2021. 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, 2021.

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
September 28, 2022

**LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021
(FEIN: 68-0353914)**

Federal & State Grantor/ Pass Through Grantor/ Program Title	Federal CFDA #	Pass-Through/ Award Number	Expenditures	Payments to Subrecipients
FEDERAL FUNDING:				
U.S. Department of Justice				
Direct:				
Transitional Housing Domestic Violence Sexual Assault Program				
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2017-WH-AX-0022	\$ 19,450	\$ -
Passed Through the California Office of Emergency Services (Cal OES)				
Victims of Crime Act - Rape Crisis (07/01/2020 - 09/30/2020)	16.575	RC 19 22 1641	95,424	-
Victims of Crime Act - Rape Crisis (10/01/2020 - 06/30/2021)	16.575	RC 20 23 1641	138,719	-
Victims of Crime Act - CHAT (07/01/2020 - 09/30/2020)	16.575	AT 19 05 1641	84,325	-
Victims of Crime Act - CHAT (10/01/2020 - 06/30/2021)	16.575	AT 20 06 1641	114,758	-
Victims of Crime Act - DVAP (07/01/2020 - 09/30/2020)	16.575	DV 19 19 1641	133,961	-
Victims of Crime Act - DVAP (10/01/2020 - 06/30/2021)	16.575	DV 20 20 1641	178,341	-
Victims of Crime Act - XD (07/01/2020 - 12/31/2020)	16.575	XD 19 02 1641	160,271	-
Victims of Crime Act - XD (01/01/2021 - 06/30/2021)	16.575	XD 20 03 1641	141,909	-
Victims of Crime Act - KA (07/01/2020 - 09/30/2020)	16.575	KA 19 02 1641	86,564	-
Victims of Crime Act - KA (10/01/2020 - 06/30/2021)	16.575	KA 20 03 1641	129,415	-
Crime Victim Assistance	16.575		1,263,687	-
Total U.S. Department of Justice			\$ 1,283,137	\$ -
U.S. Department of Health and Human Services				
Direct:				
Early Head Start (07/01/2020 - 04/30/2020)	93.600	09CH011466-01	\$ 1,002,093	\$ -
Early Head Start (05/01/2020 - 06/30/2021)	93.600	09CH011466-02	177,363	-
Head Start	93.600		1,179,456	-
Passed Through Lake County Department of Social Services				
Temporary Assistance for Needy Families - Welfare to Work	93.558	N/A	25,000	-
Temporary Assistance for Needy Families - Cal-Learn	93.558	N/A	47,233	-
Temporary Assistance for Needy Families	93.558		72,233	-

LAKE FAMILY RESOURCE CENTER
(A California Non-Profit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021
(FEIN: 68-0353914)
(CONTINUED)

Federal & State Grantor/ Pass Through Grantor/ Program Title	Federal CFDA #	Pass-Through/ Award Number	Expenditures	Payments to Subrecipients
FEDERAL FUNDING (Continued):				
U.S. Department of Health and Human Services - Continued				
Passed Through the California Department of Health Services				
Personal Responsibility Education Program				
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	18-10245	<u>114,343</u>	<u>-</u>
Total U.S. Department of Health and Human Services			\$ 1,366,032	\$ -
U. S. Department of Agriculture				
Passed Through the California Department of Education				
Child and Adult Care Food Program	10.558	17-3008-OJ	<u>7,004</u>	<u>\$ -</u>
Total U.S. Department of Agriculture			<u>7,004</u>	<u>\$ -</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 2,656,173</u>	<u>\$ -</u>
STATE FUNDING:				
Passed Through the California Office of Emergency Services (Cal OES)				
Victims of Crime Act - Rape Crisis (10/01/2020 - 06/30/2021)	N/A	RC 20 23 1641	\$ 31,070	\$ -
Victims of Crime Act - DVAP (07/01/2020 - 09/30/2020)	N/A	DV 19 19 1641	96,769	-
Victims of Crime Act - DVAP (10/01/2020 - 06/30/2021)	N/A	DV 20 20 1641	<u>133,032</u>	<u>-</u>
TOTAL STATE EXPENDITURES			<u>\$ 260,871</u>	<u>\$ -</u>
TOTAL FEDERAL AND STATE EXPENDITURES			<u>\$ 2,917,044</u>	<u>\$ -</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, 2021

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, 2021. 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, 2021.

4. LOAN AND LOAN GUARANTEE

The Organization did not have any balances of federal loan and loan guarantee programs outstanding at June 30, 2021 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, 2021**

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start

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

Auditee qualified as low-risk auditee? X Yes _____ 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, 2021**

CURRENT YEAR FINDINGS:

2021 Findings:

There were no 2021 findings noted.

2021 Questioned Costs:

There were no 2021 questioned costs noted.

PRIOR YEARS FINDINGS:

2020 Findings:

There were no 2020 findings noted.

2020 Questioned Costs:

There were no 2020 questioned costs noted.

2019 Findings:

There were no 2019 findings noted.

2019 Questioned Costs:

There were no 2019 questioned costs noted.