



SPECIAL BOARD MEETING AGENDA

December 28, 2020 at 5:00 p.m.

- | | Presenter | Action |
|---|------------------|----------------|
| 1. CALL TO ORDER | | |
| 2. ROLL CALL | | |
| A. Roll Call - Page 2 | | |
| 3. APPROVAL OF DECEMBER 16, 2020 MINUTES | | |
| A. December 16, 2020 Board Meeting Minutes - Page 3 | | Approve |
| 4. PUBLIC COMMENTS | | |
| (This is an opportunity for the members of the public to address the Board on any matter related to the Commission that is not listed on the Agenda.) | | |
| 5. ADDITIONS TO THE AGENDA | | |
| (The Board may add an item to the agenda if, upon a two-thirds vote, the Board finds that there is a need for immediate action on the matter and the need came to the attention of the Board after the posting of this agenda.) | | |
| 6. POTENTIAL CONFLICT OF INTEREST | | |
| (Any Board Member who has a potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter.) (FPPC §87105) | | |
| 7. 2019 CONSOLIDATED FINANCIAL STATEMENTS | | |
| A. 2019 Consolidated Financial Statements - Page 7 | Rodriguez | Accept |
| 8. HEAD START APPLICATION SUBMISSION | | |
| A. Head Start Application Submission - Page 50 | Reyes | Approve |
| 9. NEXT MEETING: | | |
| Wednesday, January 27, 2021 at 6:00p.m. | | |
| 10. ADJOURNMENT | | |



BOARD OF COMMISSIONERS ROLL CALL 2020

Commissioner	Term Expiration	Target Area or Appointing/Nominating Org.	1/22	2/26	4/3	4/10	4/29	5/27	6/24	7/23	9/30	10/28	11/18	12/2	12/16	12/28
ARAMBULA, AMY	Dec 2021	31st Assembly District	X	X	P	P	P	P	P	P	P	P	P	P	P	
BAINES, OLIVER	Dec 2020	16 th Congressional District	N/A	O	P	P	P	P	P	O	P	P	O	P	P	
BROWN-JENKINS, ZINA	Dec 2020	Head Start CWPC	X	X	P	P	P	O	O	P	P	P	P	P	P	
COUNTEE, JEROME	Dec 2021	SCCCD	P	P	P	P	P	O	O	P	P	P	P	P	P	
DE JESUS PEREZ, FELIPE	Dec 2021	Target Area A	X	O	P	P	P	P	O	O	O	P	P	P	P	
FRANKLIN, MISTY	Dec 2020	Target Area F	X	O	P	P	O	O	P	P	P	P	P	P	P	
GARABEDIAN, CHARLES	Dec 2021	Board of Supervisors	X	X	P	P	P	P	P	P	P	P	P	P	P	
HAYES, LINDA R.	Dec 2020	Target Area H	X	X	P	P	P	O	P	P	P	P	P	P	P	
ISAAK, ANGIE	Dec 2020	Juvenile Court	X	X	P	P	P	P	P	P	P	O	O	O	O	
JAIME-MILEHAM, LUPE	Dec 2020	FCSS	X	X	P	P	P	P	P	P	P	P	P	P	P	
KING BRIAN	Dec 2021	Mayor's Appointment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	O	P	P	P	
LEON, REY	Dec 2020	Target Area B	X	X	P	P	P	P	P	P	P	P	P	O	P	
MARTINEZ, DANIEL	Dec 2021	Target Area D	X	O	P	P	P	P	P	P	P	O	P	P	P	
MARTINEZ, JAMES	Dec 2021	Fresno Reel Pride	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	P	P	P	
McALISTER, PASTOR BRUCE	Dec 2020	West Fresno Faith Based-Organization	P	X	O	P	P	P	P	P	P	P	P	P	P	
McCOY, BARIGYE	Dec 2020	Board of Supervisors	X	P	O	O	P	P	P	P	P	P	O	O	P	
NICHOLS, LISA	Dec 2021	Target Area E	X	X	P	P	P	P	P	P	P	P	P	P	P	
PARRA, DANIEL T.	Dec 2020	Target Area C	X	X	P	P	P	P	P	P	O	P	P	P	P	
REYES, ANDREA	Dec 2020	Economic Development Corporation	N/A	N/A	N/A	N/A	N/A	P	P	O	P	P	P	P	P	
ROBLES, ITZI	Dec 2021	SEFCEDA	X	O	P	P	P	P	P	P	P	P	P	P	P	
ROBLES, CATHERINE	Dec 2021	Target Area G	X	X	P	P	P	P	P	P	P	P	P	P	P	
RODGERS, JIMI	Dec 2021	Association of Black Social Workers	X	O	P	P	P	P	P	P	P	P	P	P	P	
VANG, MAIYER	Dec 2021	Fresno Center for New Americans	X	O	P	P	P	P	P	O	P	P	P	P	P	
ZARATE, RUBEN	Dec 2021	14 th Senatorial District	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	P	P	P	
Present = X Phone = P																
Absent = O																
Vacant = V Excluded = N/A																

It is the Commissioner's responsibility to check the matrix, verify accuracy and inform the Secretary or designee if any changes are needed.



BOARD OF COMMISSIONERS MEETING
December 16, 2020 at 6:00 PM

MINUTES

1. **CALL TO ORDER AND PLEDGE OF ALLEGIANCE:** Pledge of Allegiance to be led by Linda Hayes
Linda Hayes, Board Chair, called the meeting to order at 6:05 P.M.
2. **ROLL CALL**
Present: Amy Arambula, Oliver Baines Zina Brown-Jenkins, Jerome Countee, Felipe De Jesus Perez, Misty Franklin, Charles Garabedian, Linda Hayes, Lupe Jaime-Mileham, Brian King, Rey Leon, Daniel Martinez, James Martinez, Pastor Bruce McAlister, , Barigye McCoy, Lisa Nichols, Daniel Parra, Andrea Reyes, Itzi Robles, Catherine Robles, Jimi Rodgers, Maiyer Vang, Ruben Zarate

Absent: Angie Isaak
3. **APPROVAL OF DECEMBER 2, 2020 MINUTES**
A. December 2, 2020 Board Meeting Minutes

Public Comment: None heard.

Motion by: Arambula **Second by:** Jaime-Mileham
Ayes: Arambula, Baines, Brown-Jenkins, Countee, De Jesus Perez, Franklin, Garabedian, Hayes, Jaime-Mileham, King, Leon, D. Martinez, J. Martinez, McAlister, Nichols, Reyes, I Robles, C. Robles, Rodgers, Vang, Zarate.
Nayes: None heard.
4. **PUBLIC COMMENTS**
Public Comment: None heard.

No action required.
5. **ADDITIONS TO THE AGENDA**
There were no Additions to the Agenda.
6. **POTENTIAL CONFLICT OF INTEREST**
There were no Conflict of Interest.
7. **TRANSFORMING AND INSPIRING**
Access Plus Capital (APC)
Tate Hill, Access Plus Capital Executive Director, briefly shared how APC has continue to serve small business with loans. He introduced two clients Jorge Dominguez, the owner and founder of Robertito's Mexican restaurants and Dr. Reshale Thomas, owned by Allay Psychological Services. They both shared their experiences with the program and expressed their gratitude for the services provided.

Public Comment: None heard.

No action required.
8. **SEATING OF COMMISSIONERS**
Karina Perez, Chief of Staff, announced the recommended Target Area, Community Sector nominees, and Public Official appointed for a two-year term to the board effective January 1, 2021.

Perez, shared the following results for the Target Area Election:

Target Area B: Rey Leon

Target Area C: Jewel Hurtado

Target Area F: Alysia Bonner

Target Area H: Linda Hayes

Perez, requested to amend the staff report to include Commissioner Amy Arambula who was re-appointed for a two-year term to represent the 31st Assembly District.

Public Comment: None heard.

Motion by: C. Robles **Second by:** King

Ayes: Arambula, Baines, Brown-Jenkins, Countee, De Jesus Perez, Franklin, Garabedian, Hayes, Jaime-Mileham, King, Leon, D. Martinez, J. Martinez, McAlister, McCoy, Nichols, Reyes, I Robles, C. Robles, Rodgers, Vang, Zarate.

Nayes: None heard.

9. HEAD START EARLY CARE AND EDUCATION

A. November Program Update Report (PUR)

Kathleen Shivaprasad, Early Care and Education Director, provided an overview and recommends to accept November 2020 monthly program updated report.

Public Comment: None heard

Motion by: Jaime-Mileham **Second by:** Rodger

Ayes: Arambula, Baines, Brown-Jenkins, Countee, De Jesus Perez, Franklin, Garabedian, Hayes, Jaime-Mileham, King, Leon, D. Martinez, J. Martinez, McAlister, McCoy, Nichols, Parra, Reyes, I Robles, C. Robles, Rodgers, Vang, Zarate.

Nayes: None heard.

10. LEGISLATIVE REPORT

Elizabeth Jonasson, Strategy and Communications Officer provided an overview of the legislative report covering changes happening at the local, state, and federal levels.

Commissioners Jaime-Mileham inquired a side by side comparison of what Biden's agenda is in regards to the possibility on how it's going to affect our programs to the governor proposed budget.

Public Comment: None heard.

No action required.

11. SUMMARY OF GRANT TRACKER

Kelsey McVey, Planning and Evaluation Manager provided an overview of the grant tracker for the month of November, 64 submitted, 28 funded, 7 denied, and 12 pending.

Public Comment: None heard.

No action required

12. APPROVAL OF CONSENT AGENDA

Any Commissioner may pull any Consent Item for discussion or separate vote

The following consent agenda items have been pulled by commissioners: B-2, B-3, B-6.

Public Comment: None heard.

Motion by: Baines **Second by:** Rodgers

Ayes: Arambula, Baines, Brown-Jenkins, Countee, De Jesus Perez, Franklin, Garabedian, Hayes, Jaime-Mileham, King, Leon, D. Martinez, J. Martinez, McAlister, McCoy, Nichols, Parra, Reyes, I Robles, C. Robles, Rodgers, Vang, Zarate.

Nayes: None heard.

A. Human Resources Committee Items – November 16, 2020

1. November 19, 2020 HR Committee Meeting Minutes
2. COVID-19 Supplemental Paid Sick Leave

B. Program Planning and Evaluation Committee Items – December 1, 2020

1. October 13, 2020 Program Planning and Evaluation Committee Meeting Minutes
2. Head Start 0 to 5: Fiscal Year 2020 Budget Revision
3. Food Services: No Kid Hungry Funding Award
4. Employment and Training Services: Re-Entry Employee Readiness Services
5. Fresno Street Saints: Youth Services Proposal
6. LCC: CalRecycle Final Report
7. LCC: California Community Reinvestment Grants Program
8. LCC: Proposition 68 (Phase 3) Application
9. Sanctuary and Support Services: Fresno City College Partnership
10. Transit Systems: Drug and Alcohol Policy Amendment

C. Audit Committee Items – December 9, 2020

1. March 4, 2020 Audit Committee Meeting Minutes
2. Audited Financial Statements
3. Audit and Tax Services Provider

D. Finance Committee Items – December 9, 2020

1. November 9, 2020 Finance Committee Meeting Minutes
2. Financial Reports: September 2020
3. Financial Reports: October 2020
4. Workers' Compensation Insurance Renewal
5. Accounting Policies & Procedures Update
6. HHS Head Start 2019 SF-429

E. SOUL Conflict of Interest Code

Consent Items Pulled:

B-2 Head Start 0 to 5: Fiscal Year 2020 Budget Revision

Jaime-Mileham, inquired regarding the \$4,193.040 unspent funds due to staff being on medical, pregnancy, and baby bonding leave. She stated her concerns for the children interaction with the teacher and their development. Shivaprasad stated the large savings amount is due to the effects of COVID-19, some of the funding cost is for teacher, staff, supplies, transit, food services, travel, and meetings that did not take place.

Motion by: Jaime-Mileham **Second by:** Rodgers

Ayes: Arambula, Baines, Brown-Jenkins, Countee, De Jesus Perez, Franklin, Hayes, Jaime-Mileham, King, Leon, D. Martinez, J. Martinez, McAlister, McCoy, Nichols, Parra, Reyes, I Robles, C. Robles, Rodgers, Vang, Zarate.

Nayes: None heard.

B-3 Food Services: No Kid Hungry Funding Award

Nichols, inquired if an art contest for students in the rural area will take place for the designed of the new Food Express Bus. Escobar stated the art contest will still take place.

Motion by: Nichols **Second by:** C. Robles

Ayes: Arambula, Baines, Brown-Jenkins, Countee, De Jesus Perez, Franklin, Hayes, Jaime-Mileham, King, Leon, D. Martinez, J. Martinez, McAlister, McCoy, Nichols, Parra, Reyes. I Robles, C. Robles, Rodgers, Vang, Zarate.

Nayes: None heard.

B-6 LCC: CalRecycle Final Report

Arambula, inquired regarding the impacted of recruiting corpsmembers due to Amazon and Ulta. Shawn stated Amazon/Ulta do not require a high school diploma and offers higher pay.

Motion by: Arambula **Second by:** McAlister

Ayes: Arambula, Baines, Brown-Jenkins, Countee, De Jesus Perez, Franklin, Hayes, Jaime-Mileham, King, Leon, D. Martinez, J. Martinez, McAlister, McCoy, Nichols, Parra, Reyes. I Robles, C. Robles, Rodgers, Vang, Zarate.

Nayes: None heard.

13. ADVISORY BOARDS

- A. September 30, 2019 Foster Grandparent Advisory Minutes
- B. September 18 2020 Sanctuary and Support Services Advisory Minutes
- C. August 20, 2020 LCC Advisory Minutes

- D. November 3, 2020 Head Start County Wide Policy Council Minutes
Public Comment: None heard.

Motion by: Brown-Jenkins **Second by:** Leon

Ayes: Arambula, Baines, Brown-Jenkins, Countee, De Jesus Perez, Franklin, Hayes, Jaime-Mileham, King, Leon, D. Martinez, J. Martinez, McAlister, McCoy, Nichols, Parra, Reyes, I Robles, C. Robles, Rodgers, Vang, Zarate.

Nayes: None heard.

14. CHIEF EXECUTIVE OFFICER'S REPORT

A. CEO Report

Reyes shared she has been asked to join the National Community Action Partnership Head Start Task Force for a three year term. Reyes will be 1 in 10 people nationwide to participate.

Reyes, announced Kathleen Shivaprasad is retiring after 27 years as the Head Start Director and was presented with a plaque as a form of gratitude for her dedicated service to Fresno EOC.

Public Comment: None heard.

No action required.

15. COMMISSIONERS' COMMENT

Hayes shared Mr. Keyes bench has been chosen and it will be located in the 1920 executive plaza court yard.

Hayes, requested a CSBG CARES ACT report to be presented at the January board meeting to include where we are, what are the plans moving forward and what are the emergent needs

Parra and McAlister stated their term ends December 2020, and are very thankful for the opportunity to serve as a commissioner and are looking forward to the future to reconnect.

Jaime-Mileham, shared the California Governor honored Commissioner Leon for the 2020 Clean Energy Hall of Fame. The Clean Energy Hall of Fame Awards is an annual event designed to honor the leadership and outstanding achievements of Californians who help advance the state's clean energy goals. The awards aim to motivate and inspire all stakeholders to continue to lead California to a 100 percent clean energy future by 2045.

Arambula, requested a report on the COVID-19 Equity Project, African American Coalition, and the Healthy Harvest/Cosecha. Reyes stated the information is provided in her CEO Report.

No action required.

16. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9:

Number Cases: 1

Ken Price, Legal Counsel, had no action to report out of closed session at this time.

17. NEXT MEETING:

Wednesday, January 27, 2021 at 6:00p.m.

18. ADJOURNMENT

Public Comment: None heard.

No action required.

SPECIAL BOARD OF COMMISSIONERS MEETING

Date: December 28, 2020	Program: Internal Audit
Agenda Item #: 7	Director: Susan Shiomi
Subject: 2019 Consolidated Financial Statements	Officer: Jim Rodriguez

Recommended Action

Staff recommends acceptance of Fresno EOC's Consolidated Financial Statements for the year-end December 31, 2019 as prepared by Kaku & Mersino, LLP.

Background

The Single Audit Act requires audits to be conducted by independent auditors. Single audits are relied upon by federal agencies as part of their administrative responsibilities for determining compliance with the requirements of federal awards by non-federal entities. Any non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with 2 CFR 200 Uniform Guidance.

Fiscal Impact

If a non-Federal entity fails to comply with the U.S. Constitution, Federal statutes, regulations or the terms and conditions of a Federal award, the Federal awarding agency or pass-through entity may temporarily withhold cash payments, disallow all or part of the action not in compliance, terminate or suspend the Federal award.

The continued success of Fresno EOC in fulfilling its mission and vision is dependent upon receiving necessary funding. In 2019, Fresno EOC received approximately 69% of its total revenues from Federal funds. The loss of Federal funds would severely impact the ability of Fresno EOC to carry out its vision and mission, "Helping People, Changing Lives".

Conclusion

If accepted by the Board, the audited consolidated financial statements for year-end December 31, 2019 will be submitted to the Federal Clearinghouse in compliance with 2 CFR 200 Uniform Guidance regarding non-profit entity's expending \$750,000 or more in Federal funds.



CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

DECEMBER 31, 2019

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KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Fresno Economic Opportunities Commission

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Fresno Economic Opportunities Commission (a non-profit organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fresno Economic Opportunities Commission as of December 31, 2019, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, on our consideration of Fresno Economic Opportunities Commission'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 Fresno Economic Opportunities Commission's internal control over financial reporting and compliance.

Kaku & Mersino, LLP

KAKU & MERSINO, LLP

December 21, 2020

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Cash and Cash Equivalents	\$ 10,310,164
Investment Securities	285,238
Grants Receivable	11,122,421
Other Receivables	1,503,386
Inventories	150,792
Prepaid Expenses and Deposits	289,446
Loans to Borrowers, net	13,889,096
Restricted Cash	618,933
Investments in Trust	954,203
Property and Equipment, net	15,109,200
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TOTAL ASSETS	\$ 54,232,879
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LIABILITIES

Accounts Payable and Accrued Expenses	\$ 2,727,366
Salaries and Benefits Payable	3,187,622
Refundable Advances	940,622
Other Liabilities	1,894,791
Health Insurance Reserve	2,776,891
Notes Payable	13,495,522
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TOTAL LIABILITIES	25,022,814
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NET ASSETS

Net Assets without Donor Restrictions	27,010,183
Net Assets with Donor Restrictions	2,199,882
	<hr/>
TOTAL NET ASSETS	29,210,065
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TOTAL LIABILITIES AND NET ASSETS	\$ 54,232,879
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The accompanying notes are an integral part of the consolidated financial statements.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grant Revenue	\$ 98,355,442	\$ 2,199,882	\$ 100,555,324
Fee for Service	12,632,374	-	12,632,374
In-Kind Matching Contributions	2,283,464	-	2,283,464
Investment Income	149,181	-	149,181
Miscellaneous	408,282	-	408,282
Contributions	327,748	-	327,748
TOTAL REVENUES AND SUPPORT	114,156,491	2,199,882	116,356,373
EXPENSES			
Program Services			
Education	40,665,355	-	40,665,355
Employment and Training	3,896,110	-	3,896,110
Health Services	2,682,599	-	2,682,599
Housing	2,666,558	-	2,666,558
Energy	11,712,628	-	11,712,628
Food and Nutrition	30,521,899	-	30,521,899
Transit	8,756,939	-	8,756,939
Food and Other Services	2,919,953	-	2,919,953
Access Plus Capital & Other Affiliates	2,196,783	-	2,196,783
Total Program Services	106,018,824	-	106,018,824
Supporting Services			
Administrative Services	7,048,878	-	7,048,878
TOTAL EXPENSES	113,067,702	-	113,067,702
EXCESS OF REVENUES AND SUPPORT OVER EXPENSES	1,088,789	2,199,882	3,288,671
Other Income/(Expenses)			
Increase in Grant Funded Assets	1,261,541	-	1,261,541
Depreciation of Grant Funded Assets	(1,352,359)	-	(1,352,359)
CHANGE IN NET ASSETS	997,971	2,199,882	3,197,853
NET ASSETS, BEGINNING OF YEAR	26,012,212	-	26,012,212
NET ASSETS, END OF YEAR	\$ 27,010,183	\$ 2,199,882	\$ 29,210,065

The accompanying notes are an integral part of the consolidated financial statements.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES					
	EDUCATION	EMPLOYMENT AND TRAINING	HEALTH SERVICES	HOUSING	ENERGY	FOOD AND NUTRITION
EXPENSES						
Salaries and Benefits	\$ 30,705,493	\$ 3,193,906	\$ 2,032,881	\$ 1,494,207	\$ 2,275,481	\$ 6,295,122
Contracts and Professional	4,351,226	185,373	114,400	182,371	3,010,595	174,319
Administrative Services	2,841,789	183,712	235,533	125,056	227,130	693,562
Facility Costs	2,253,966	143,447	162,348	537,178	87,102	357,261
Travel and Vehicle	369,106	42,430	71,951	33,335	29,852	28,247
Equipment and Leases	197,685	24,558	15,973	10,717	90,403	168,367
Repairs and Maintenance	294,266	20,670	29,564	34,737	28,271	75,599
Office Expenses	433,832	17,330	24,932	37,865	104,263	221,149
Telephone	467,635	11,333	52,430	22,903	34,546	49,271
Utilities	460,034	19,141	18,823	38,896	27,381	118,440
Insurance	196,499	38,238	17,865	24,301	23,362	28,161
Program Costs	3,158,753	191,505	140,060	272,629	405,541	3,254,353
Food Vouchers	-	-	-	-	-	19,902,012
Utility Vouchers	-	-	-	-	5,543,849	-
Capital Outlays	793,393	-	-	-	50,941	-
Depreciation	25,850	15,393	3,278	17,877	9,540	3,320
Interest	-	-	-	-	-	-
Loan Loss Provision	-	-	-	-	-	-
Other	-	100	1,856	-	1,000	-
Subtotal	46,549,527	4,087,136	2,921,894	2,832,072	11,949,257	31,369,183
Intercompany Eliminations	(5,884,172)	(191,026)	(239,295)	(165,514)	(236,629)	(847,284)
TOTAL EXPENSES	\$ 40,665,355	\$ 3,896,110	\$ 2,682,599	\$ 2,666,558	\$ 11,712,628	\$ 30,521,899

(Continued)

The accompanying notes are an integral part of the consolidated financial statements.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES			SUPPORTING SERVICES	
	TRANSIT	FOOD & OTHER SERVICES	ACCESS PLUS CAPITAL & OTHER AFFILIATES	ADMINI-STRATIVE	TOTAL
EXPENSES					
Salaries and Benefits	\$ 5,844,737	\$ 1,871,492	\$ 988,885	\$ 5,014,408	\$ 59,716,612
Contracts and Professional	23,000	306,651	174,567	549,695	9,072,197
Administrative Services	445,053	163,386	115,424	-	5,030,645
Facility Costs	31,716	362,926	33,674	248,544	4,218,162
Travel and Vehicle	1,053,449	66,282	44,591	109,702	1,848,945
Equipment and Leases	46,883	23,618	9,291	57,957	645,452
Repairs and Maintenance	832,944	216,228	-	8,387	1,540,666
Office Expenses	83,540	46,520	50,104	205,817	1,225,352
Telephone	52,250	32,947	7,712	31,286	762,313
Utilities	61,760	383,804	-	-	1,128,279
Insurance	314,707	58,017	14,440	45,549	761,139
Program Costs	404,759	179,197	238,099	122,896	8,367,792
Food Vouchers	-	-	-	-	19,902,012
Utility Vouchers	-	-	-	-	5,543,849
Capital Outlays	14,009	-	-	-	858,343
Depreciation	2,590	237,821	8,479	19,143	343,291
Interest	-	6,987	132,742	6,904	146,633
Loan Loss Provision	-	228,531	473,292	-	701,823
Other	-	2,310	27,626	665,001	697,893
Subtotal	9,211,397	4,186,717	2,318,926	7,085,289	122,511,398
Intercompany Eliminations	(454,458)	(1,266,764)	(122,143)	(36,411)	(9,443,696)
TOTAL EXPENSES	\$ 8,756,939	\$ 2,919,953	\$ 2,196,783	\$ 7,048,878	\$ 113,067,702

The accompanying notes are an integral part of the consolidated financial statements.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 3,197,853
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	1,693,232
Change in Priced Investments	(42,360)
Provision for Loan Losses	701,824
Sale of Assets	150,449
(Increase) Decrease in Assets:	
Grants Receivable	(256,441)
Other Receivables	(1,167,169)
Inventories	(16,294)
Prepaid Expenses and Deposits	72,403
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	(483,867)
Salaries and Benefits Payable	216,762
Other Liabilities	1,038,648
Refundable Advances/Deferred Revenue	(1,692,240)
Health Insurance Reserve	(225,200)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,187,600</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Property and Equipment	(1,396,693)
Proceeds from Sale of Assets	9,775
New Loans Issued to Borrowers	(6,211,664)
Repayments on Loans to Borrowers	2,905,355
NET CASH USED BY INVESTING ACTIVITIES	<u>(4,693,227)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from New Debt	3,796,223
Principal Payments on Notes Payable	(925,715)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>2,870,508</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 1,364,881

BEGINNING CASH AND CASH EQUIVALENTS & RESTRICTED CASH 9,564,216

ENDING CASH AND CASH EQUIVALENTS & RESTRICTED CASH \$ 10,929,097

Supplemental Disclosures of Cash Flow Information:

Cash paid during year for interest \$142,573.

The accompanying notes are an integral part of the consolidated financial statements.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 1 – Nature of Activities

Fresno Economic Opportunities Commission (the “Agency”) is a non-profit corporation incorporated in the State of California in 1965. The Agency is a local community human services agency that provides assistance to economically and socially disadvantaged persons primarily in the Fresno County region through various types of health and welfare services and programs. The majority of the Agency’s funding is supported by grants from federal, state, and local governments, with additional sources of revenue from fees for services, in-kind contributions and donor contributions.

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The Agency consolidates for-profit subsidiaries and related non-profit entities in which it has a controlling financial interest. The accompanying financial statements reflect the consolidation of the financial statements of the Agency and its wholly owned subsidiaries: Western Community Industries, Inc. (WCI), and Fresno Executive Plaza, Inc. (FEP). The financial statements also include Fresno Community Development Financial Institution (CDFI) and Enterprise Plus Economic Development Center, Inc., which are non-profit public benefit corporations exempt from federal income tax under Section 501(c)(3). In 2017, Fresno CDFI underwent a branding campaign and is now doing business as Access Plus Capital. All significant inter-company accounts and transactions have been eliminated. WCI and FEP do not have any significant operations and are considered inactive.

Basis of Accounting and Presentation

The financial statements of the Agency have been prepared using the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, actual results could differ from those estimates.

See Independent Auditors’ Report

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Cost Allocations

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied and that is also in accordance with guidance of any specific funding terms and conditions associated with the funding received. Allocated expenditures for shared costs include compensation and benefits, which are allocated either on the basis of actual time tracking or estimates of time and effort such as may be extrapolated from a time study. Costs such as contract services are allocated to the program which receives the benefit and may be further allocated based on clients, employees, or number of service units. Facility costs, including depreciation, are predominately occupied by a single program but as needed such costs are further allocated based on square footage. Computer and software related costs are allocated based on the number of users or computers by functional category. Non-personnel insurance is allocated based on number of vehicles, square footage occupied, property valuation, or number of employees/volunteers, as appropriate for the type of coverage being allocated. Operating costs are allocated based on the number of employees/clients/users who benefit from the item being allocated. Costs directly linked to a client or an employee are allocated based on the program under which they are served or employed, respectively.

Cash and Cash Equivalents

The Agency considers investments that are readily convertible into cash and have original maturities of three months or less to be cash equivalents. Certain funding agencies require cash to be held in separate bank accounts, however, these funds are not considered restricted assets.

Investments

Investments consist primarily of corporate bonds and government securities. The Agency carries investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value based on quoted closing prices in the Consolidated Statement of Financial Position.

Accounts and Grants Receivable

Accounts receivable are amounts due from various agencies and entities for services performed under fee for service contracts. Grants receivable are amounts due from federal, state, or local funding sources for services performed under cost reimbursement contracts. Management considers all amounts to be fully collectible, and therefore, no allowance for doubtful accounts has been recorded in the accompanying financial statements.

See Independent Auditors' Report

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts

The Agency provides an allowance for doubtful accounts based on its review of the outstanding loans to borrowers (promissory notes receivable). In considering the allowance for doubtful accounts, the Agency evaluates certain factors including an entity's or borrower's ability to pay, their financial condition, the value of loan collateralized assets and others. Loans to borrowers are considered to be past due and delinquent if payment has not been received by the payment due date. Recoveries of accounts and loans previously written-off or changes in allowance estimates are recognized as income when received or recorded.

In-Kind Matching Contributions

The Agency receives a significant amount of donated materials, facilities, and services from volunteers and other entities, primarily relating to the Head Start program. Donated in-kind contributions are recognized as contributions if they have ascertainable fair values. Donated services are recognized as contributions if they 1) significantly enhance non-financial assets or 2) involve a professional service that would otherwise have been purchased and whose values can be objectively measured.

Donated materials and facilities totaling \$2,283,464 are included in revenue and expenses for year ended December 31, 2019 and recorded at fair value on the date of donation. The Agency received approximately 407,778 hours of donated time from volunteers during year ended December 31, 2019. The value of this contributed time does not meet the criteria, and accordingly, is not reflected in the accompanying financial statements. Management has estimated the value of these services as approximately \$8,943,984.

Inventories

Inventories consist of transportation parts and supplies, medication, and food supplies. Inventories are stated at the lower of cost or market, determined by the first-in, first-out method.

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Inter-Company Eliminations

Under certain grant agreements, the Agency is authorized to allocate facility expense, as a space usage allowance, for facilities which it owns, to its programs at a rate that is supported by actual cost incurred, as well as allocate indirect administrative services costs. The Agency also provides food and transit services to multiple programs. The Agency recognizes both inter-company facility income and facility cost for the allocation of facilities, fees for service income and administrative services expenses for the allocation of administrative services, and fees for service income and program costs for food and transit service, related to these programs. These inter-company activities have been eliminated during consolidation in the Consolidated Statement of Activities and Consolidated Statement of Functional Expenses. The total amount of inter-company eliminations for the year ended December 31, 2019 related to facility activities, administrative services, and food, transit & other services was \$1,160,784, \$5,030,645 and \$3,252,267, respectively.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Agency uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Contributed property and equipment are recorded at fair value on the date of donation. Contributions of property and equipment are recorded as unrestricted support, unless the donor stipulates how long the assets must be used.

Property and equipment purchased with Agency funds are capitalized at cost and depreciated over the useful estimated lives of the asset using the straight-line method. Amortization of building improvements is based on the estimated useful life of the improvements. Depreciation and amortization expense is charged against operations. Expenditures for property and equipment in excess of \$5,000 are capitalized.

Property and equipment purchased with grant funds are depreciated using the straight-line method over the estimated useful life of the assets. Depreciation of these assets is charged against grant funded assets in the Statement of Activities.

Depreciation is calculated based on the following estimated useful lives:

<u>Type of Asset</u>	<u>Estimated Useful Life</u>
Buildings	20-30 years
Improvements	7-15 years
Furniture and Fixtures	5-10 years
Equipment	3-10 years
Vehicles	5 years
Computer Hardware	3-5 years
Computer Software	3-5 years

In the event of a contract termination, certain funding sources require title to property and equipment previously purchased with grant funds revert to the funding source. Certain funding sources also limit the use of property and equipment for specific programs and require approval for disposition of property and equipment from the funding source.

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Income Taxes

The Agency is a non-profit organization as defined in Section 501(c)(3) of the Internal Revenue Code (the “Code”) and is, therefore, exempt from federal income taxation under Section 501(a) of the Code. Furthermore, the Agency is exempt from state income taxation under Section 23701d of the California Revenue and Taxation Code. The Agency is also subject to federal and state income tax on any unrelated business taxable income. The Agency’s returns are subject to examination by federal and state taxing authorities, generally for three year and four years, respectively, after they are filed.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31, 2019:

	<u>Amount</u>
Cash	\$ 6,674,049
Certificates of Deposit	3,634,122
Money Market Fund	<u>1,993</u>
	<u>\$10,310,164</u>

The Agency maintains cash balances at six financial institutions located in Fresno, California. The accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash held at one financial institution is protected up to \$500,000 by coverage provided by the Securities Investor Protection Corporation (SIPC). The amount in excess of the insured limits at December 31, 2019 total \$5,397,439. Certificates of Deposit of \$700,000 are pledged as collateral on a note payable.

Note 4 – Restricted Cash

Restricted Cash includes loan loss reserves of \$618,933 as of December 31, 2019. The Agency is required to create loan loss reserve accounts to cover potential losses arising from defaulted loans. The reserve funds cover losses from the unguaranteed portion of defaulted loans as well as possible repairs and denials associated with the guarantee on the defaulted loans.

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 5 – Investments and Fair Value Measurements

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2019, are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Stocks	\$ 14,587	\$ 14,587
Corporate Fixed Income	<u>270,651</u>	<u>270,651</u>
Total	<u>\$ 285,238</u>	<u>\$ 285,238</u>

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

Note 6 – Inventories

Inventories consist of the following at December 31, 2019:

	<u>Amount</u>
Food Supplies	\$ 84,992
Medication	8,787
Miscellaneous	3,052
Transportation Parts and Supplies	<u>53,961</u>
	<u>\$ 150,792</u>

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 7 – Grant Receivable

Grant receivable consists of the following at December 31, 2019:

	<u>Amount</u>
Unconditional promises to give	\$ 3,447,946
Conditional promises to give	<u>7,674,475</u>
 Total grant receivable	 <u>\$ 11,122,421</u>

Unconditional promises to give due in more than one year are recognized at the fair value using present value techniques and a 2% discount rate. The Agency considers grant receivables fully collectible. Accordingly, no allowance for uncollectible has been provided.

Unconditional Promises to give	\$ 3,468,338
Less unamortized discount	<u>(20,392)</u>
 Net unconditional promises to give	 <u>\$ 3,447,946</u>
 Amounts due in:	
Less than one year	\$ 2,428,338
One to five years	<u>1,040,000</u>
	 <u>\$ 3,468,338</u>

Conditional promises to give of \$7,674,475 represent grants for program support. The total amount promised is \$90,298,699.

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 8 – Loans to Borrowers

The Agency and Access Plus Capital administers various direct lending programs in accordance with grant and loan agreements for revolving loan programs. The Agency and Access Plus Capital provide financing to borrowers under specific terms of each of the lending programs available. These notes include interest and non-interest bearing receivables and are due upon maturity. The interest rate associated with each note varies depending on the credit worthiness of the borrowers. Some loans receivable are collateralized by the pledged assets of the borrower's notes, if available.

Loans to borrowers consist of the following at December 31, 2019:

	<u>Amount</u>
Grant program related loans, 0% to 9% interest annually, principal payments due at various times, secured by various assets	\$14,951,020
Less allowance for uncollectible accounts	<u>(1,061,924)</u>
Loans to Borrowers, net	<u>\$13,889,096</u>

Note 9 – Property and Equipment

Property and equipment consist of the following at December 31, 2019:

	<u>Amount</u>
Land	\$ 856,324
Equipment	13,737,676
Building and Improvements	<u>32,413,961</u>
Total	47,007,961
Less Accumulated Depreciation	<u>(31,898,761)</u>
Property and Equipment, net	<u>\$ 15,109,200</u>

Depreciation amounted to \$1,352,359 for grant funded property and equipment, and \$343,291 for Agency property and equipment for the year ended December 31, 2019.

The Agency filed "Notice of Federal Interest" on several of its buildings, which are used in operating the Head Start and Local Conservation Corp programs with the Department of Health and Human Services (HHS). As a result of these notices, HHS has an ownership interest in the buildings.

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 10 – Notes Payable

Notes payable consist of the following at December 31, 2019:

	<u>Amount</u>
Revolving line of credit in the amount of \$2,400,000 with a financial institution. The line of credit is secured by marketable securities. Interest on the line accrues at LIBOR plus 1.5%. The line of credit is due October 1, 2021.	\$ 900,000
Promissory note payable to the City of Fresno, principal and interest payments to be made semi-annually based on borrower's repayment, principal due at maturity on June 2018, unsecured.	229,131
Agreement to pay California Department of Parks and Recreation \$700,000 in ten annual installments on August 1 of \$70,000. Interest imputed at 2.51%. Upon default, there shall be an acceleration of the remaining indebtedness.	612,328
Promissory note payable to a U.S. Small Business Administration with quarterly payments of principal and interest at 1%. The note is unsecured and due August 2031.	681,190
Promissory note payable to Citibank, bearing interest at 2% annually, interest only payments to be made monthly, principal due at maturity on December 2023, secured by investments at Citibank.	700,000
Promissory note payable to Wells Fargo with quarterly payments of interest at 2%. The note is unsecured, with maturity date November 29, 2030.	200,000
Promissory note payable to Wells Fargo with quarterly payments of interest at 2%. The note is unsecured and a balloon payment is due July 2021. The note contains a provision for a two year extension option.	250,000
Qualified investment from Wells Fargo dated November 2014. Quarterly interest at 2% and matures November 14, 2024	500,000

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 10 – Notes Payable (continued)

Investment from Wells Fargo, dated October 2018. 2% interest will accrue and be due quarterly. Effective October 2026 quarterly principal payments of \$93,750 plus interest. The loan matures October 3, 2028.	750,000
Equity equivalent investment loan with Tri-Counties Bank. 3% interest will accrue and be due quarterly. The loan is unsecured and a balloon payment due August 30, 2024.	2,000,000
U.S. Small Business Administration Microloan with interest discounted to 0%. The note is secured by revolving loan funds and promissory notes. Monthly payments of \$6,641 of principal with the balance due July 2022.	205,859
U.S. Small Business Administration Microloan with variable interest on unpaid principal ranging from 0.00% to 0.75% annually. The note is secured by revolving loan funds and promissory notes. Monthly payments of \$11,766 of principal and interest with the balance due September 2023.	505,980
U.S. Small Business Administration Microloan \$1,250,000 with variable interest on unpaid principal ranging from 0.00% to 1.25 % annually. The note is secured by revolving loan funds and promissory notes. Monthly payments of \$3,704 of principal and interest with the balance due July 2026.	292,593
Investment agreement with Mechanics Bank. Quarterly interest at 2.51%, and is due November 3, 2024 with maturity date extension provisions. Funds to be used to provide small business micro-lending services.	1,000,000
Investment agreement with Mechanics Bank. Quarterly interest at 3%, and is due May 1, 2022. Funds to be used to provide small business micro-lending services.	250,000
Qualified investment from BBVA USA, dated November 20, 2019 2.75% interest will accrue and be due quarterly The loan is unsecured and due December 2029.	350,000
Qualified investment from Pacific Western Bank, dated May 2015. Non-interest bearing for five years. Maturity date May 2020	1,000,000

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 10 – Notes Payable (Continued)

Promissory note payable to Union Bank with monthly payments of interest at 2% for 60 months with final maturity on April 2026. The note is unsecured.	500,000
United States Department of Agriculture loan with monthly payments of interest at 1%. Interest only on the unpaid balance will be paid annually for the first three years. Principal and interest will be paid in 27 equal installments beginning in April 2021, with remaining balance due and payable April 2047. Collateralized by revolving loan fund derived from loan proceeds.	225,000
United States Department of Agriculture loan, bearing interest at 2.00% annually, monthly payments of approximately \$2,982 including principal and interest, due December 2030, secured by revolving loan funds and promissory notes.	328,585
United States Department of Agriculture loan with monthly payments of interest at 1%. Interest only on the unpaid balance will be paid for the first three years. Principal and interest will be paid in 27 equal installments beginning in June 2018, with remaining balance due and payable June 2044. Collateralized by revolving loan fund derived from loan proceeds.	467,388
Promissory note payable to Community Action Financial Institute with quarterly payments of interest at 1%. The note is unsecured and is due July 2024.	350,000
Promissory note payable to Community Action Financial Institute with quarterly payments of interest at 1%. The note is unsecured and is due April 2025.	100,000
Promissory note payable to Beneficial State Bank with monthly payments of interest at 3.5%. The note is unsecured and is due June 2020.	501,245
Promissory note payable to Farmers and Merchants Bank with Quarterly payments of interest at 3%. The note is unsecured and is due April 30, 2024.	500,000
Promissory note payable to City of Modesto with a balloon payment of principal and simple interest at 1%. The note is unsecured and is due October 31, 2019.	96,223
	<u>\$ 13,495,522</u>

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 10 – Notes Payable (Continued)

The current portion of notes payable is \$2,844,478.

Future minimum principal payments as of December 31, 2019:

<u>Year Ending December 31:</u>	<u>Amount</u>
2020	\$ 2,844,478
2021	1,226,120
2022	695,608
2023	1,053,545
2024	4,268,292
Thereafter	<u>3,407,479</u>
	<u>\$13,495,522</u>

Note 11 – Self-Insured Health Coverage

In 1989, the Agency adopted a self-insured health plan (the “Plan”) to provide health and welfare benefits for its employees, and to maintain a reserve equal to approximately four months of benefit premiums and payments. As part of the Plan, the Agency has contracted outside administrative services to account for and maintain the Plan, with disbursement of Plan benefits provided by third party claims administrators and other benefits consultants. In addition, the Agency carries excess insurance for risks of loss from claims in excess of \$175,000 per eligible participant with a total of \$1,000,000 in the aggregate.

Note 12 –Net Assets

Net assets consist of the following at December 31, 2019:

	<u>Amount</u>
Net Assets	\$ 18,101,585
Grant funded assets capitalized, net of accumulated depreciation of \$14,840,160	<u>11,108,480</u>
Total Net Assets	<u>\$ 29,210,065</u>

See Independent Auditors’ Report

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 13 – Compensated Absences

Accumulated unpaid vacation is recognized as a liability of the Agency. The expenditure is recognized in the year to which the liability relates. The value of accumulated vacation at December 31, 2019 is \$1,901,639.

Note 14 – Commitments and Contingencies

Operating Leases:

The total outside rental expense incurred by the Agency for facilities during the year was \$920,985. The Agency also had miscellaneous equipment rental of \$278,556 for the year, which was expensed. Minimum future rental payments under noncancellable operating leases for each of the next 5 years in aggregate are:

<u>Year Ending December 31:</u>	<u>Amount</u>
2020	\$ 701,275
2021	649,563
2022	546,625
2023	458,470
2024	418,945

Note 15 – Pension Plan

The Agency contributes to a defined contribution pension plan which covers eligible employees of the Agency. Employees are eligible upon completion of two years of service and a minimum 1,000 hours of service requirement without an intervening break. The Agency contributes an amount equal to five percent of the compensation earned by each eligible participant. Employer contributions are vested immediately.

The Agency contributed \$1,669,098 to the pension plan for the year ended December 31, 2019.

The Agency also has a 403(b) and 457 Plan for voluntary contributions for eligible employees. The Agency does not contribute to the plan 403(b) plan; contributions to the 457 plan in 2019 totaled \$18,759.

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 16 – Federally Funded Revenues

The Agency receives approximately 69% of its revenues from federally funded grants. The following is a summary of these grants, by funding source:

<u>Funding Source</u>	<u>Amount</u>	<u>Percentage</u>
U.S. Department of Health and Human Services	\$ 46,660,533	58.28%
U.S. Department of Agriculture	27,327,779	34.14%
U.S. Department of Labor	1,977,448	2.47%
U.S. Department of Housing and Urban Development	1,842,867	2.30%
U.S. Small Business Administration	737,398	.92%
U.S. Department of Energy	653,680	.81%
Corporation for National and Community Service	457,110	.57%
U.S. Department of Justice	222,390	.28%
U.S. Department of Interior	68,663	.09%
U.S. Department of Education	52,253	.07%
U.S. Department of Transportation	40,000	.05%
U.S. Department of Homeland Security	<u>16,395</u>	<u>.02%</u>
Total	<u>\$ 80,056,516</u>	<u>100.00%</u>

Note 17 – Department of Health and Human Services – Reconciliation to Financial Status Report

Reconciliation of the Department of Health and Human Services – Head Start Financial Status Report and the Audited Financial Statement is as follows:

	<u>Amount</u>
Total Expenditures per Financial Status Report	\$ 38,330,076
Child Care Food Reimbursements	1,417,603
Other Income	1,412
In-Kind recognized	<u>2,150,918</u>
Total Expenditures per Financial Statements	41,900,009
In-Kind Donated Services, not recognized	<u>8,669,251</u>
Total Expenditures	<u>\$ 50,569,260</u>

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FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 18 – Nonmonetary Transactions

WIC Food Vouchers

The Agency receives a grant from the U.S. Department of Agriculture, passed through the California State Department for the Special Supplemental Food Program for Women, Infants, and Children (WIC). As part of this grant, the Agency prints and distributes food vouchers to its participants. During the year ended December 31, 2019, the estimated value of these vouchers totaled \$19,902,012, which is included in the Agency's grant income and program expenses, respectively.

Emergency Utility Payments

The Agency receives a grant from the U.S. Department of Health and Human Services, passed through the California State Department of Community Services and Development for the Low Income Home Energy Assistance Program (LIHEAP). As part of this grant, the Agency processes applications for emergency utility payments, which are then paid by the State of California directly to the utility provider. The estimated value of these payments during 2019 was \$5,543,849, which is included in the Agency's grant income and program expenses, respectively.

See Independent Auditors' Report

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 19 – Liquidity and Availability of Financial Assets

The following reflects the Agency's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

Financial assets at year-end

Cash and Cash Equivalents	\$ 10,310,164
Investments	285,238
Grant and Other Receivables	<u>12,625,807</u>
Total Financial Assets	<u>23,221,209</u>

Less those unavailable for general expenditures within one year, due to:

Assets pledged as collateral for borrowing	(700,000)
Provision for unprocessed self-insurance health claims at year-end	(831,605)
Prior year accounts payable and accrued expenses	(2,671,501)
Prior year payroll liability accrual	(953,562)
Provision for employee accrued vacation liability (vested)	(1,901,639)
Subject to expenditure for specified purpose:	
Child development reserve	(211,992)
Local transportation fund reserve	(437,037)
Refundable advances	(231,168)
Refundable advances – affiliate	(272,417)
Lending assets held in trust - affiliate	(265,639)
Restricted net assets – site expansion	(100,000)
Restricted net assets	(145,274)
Restricted net assets - affiliate	<u>(1,954,608)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$12,544,767</u>
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Agency normal operations require maintenance of financial assets, which consist of cash, investments and certificates of deposits on hand to meet normal operating expenses. On average, \$228,200 is liquidated daily. The financial assets available to meet cash of \$12,543,767 above will cover, on average, approximately 55 days. As part of the Agency's liquidity management, cash in excess of these requirements are invested in certificates of deposit, corporate bonds, and stock. While the Agency does not intend to utilize the funds in the investment accounts for liquidity needs, these funds are available should such unforeseen need arise, such as potential delay(s) in the receipt of grant reimbursements. As more fully described in Note 9, the Agency also has a line of credit in place with Wells Fargo in the amount of \$2,400,000 which it could draw upon in the event of any unanticipated liquidity needs.

See Independent Auditors' Report

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Note 18 – Subsequent Events

Management has evaluated subsequent events through December 31, 2020, the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net assets. Other financial impact could occur though such potential impact is unknown at this time.

Note 19 – Change in Pronouncement

Effective January 1, 2019, The Agency prospectively changed its method of recognizing revenue in its financial statements to conform with a recent pronouncement of the Financial Accounting Standards Board. Grant funded contracts were previously considered reciprocal transactions as exchange agreements. Under new guidance, grants likely are to be considered nonreciprocal transactions and therefore are considered contributions. The prospective change to the financial statements increased grant revenue \$2,023,764 for the year ending December 31, 2019.

See Independent Auditors' Report

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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 Commissioners
Fresno Economic Opportunities Commission

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 consolidated financial statements of Fresno Economic Opportunities Commission (a non-profit organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expense, and cash flows for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated December 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Fresno Economic Opportunities Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fresno Economic Opportunities Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Fresno Economic Opportunities Commission'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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we considered significant deficiencies.

(Continued)

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners
Fresno Economic Opportunities Commission
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fresno Economic Opportunities Commission's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-001.

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.

Kaku & Mersino, LLP

KAKU & MERSINO, LLP

December 21, 2020

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Commissioners
Fresno Economic Opportunities Commission

Report on Compliance for Each Major Federal Program

We have audited Fresno Economic Opportunities Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fresno Economic Opportunities Commission's major federal programs for the year ended December 31, 2019. Fresno Economic Opportunities Commission'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, 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 Fresno Economic Opportunities Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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 Fresno Economic Opportunities Commission'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 Fresno Economic Opportunities Commission's compliance.

Basis for Qualified Opinion on CFDA 93.600 Head Start

As described in the accompanying schedule of findings and questioned costs, Fresno Economic Opportunities Commission did not comply with requirements regarding CFDA 93.600 Head Start Grant as described in finding number 2019-001 for Equipment/Real Property Management. Compliance with such requirements is necessary, in our opinion, for Fresno Economic Opportunities Commission to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 93.600 Head Start

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, Fresno Economic Opportunities Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 93.600 Head Start for the year ended December 31, 2019.

(Continued)

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners
Fresno Economic Opportunities Commission
Page 2

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Fresno Economic Opportunities Commission 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of Fresno Economic Opportunities Commission 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 Fresno Economic Opportunities Commission'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 Fresno Economic Opportunities Commission'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, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we considered significant deficiencies.

Fresno Economic Opportunities Commission's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Fresno Economic Opportunities Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Kaku & Mersino, LLP
KAKU & MERSINO, LLP

December 21, 2020

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Fresno Economic Opportunities Commission were prepared in accordance with GAAP.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Fresno Economic Opportunities Commission were disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Fresno Economic Opportunities Commission expresses a qualified opinion for Head Start, CFDA No. 93.600 and unmodified opinions for WIOA Youth Activities, CFDA No.17.259 and Continuum of Care Program, CFDA No. 14.267 on major federal programs..
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule,
7. The programs tested as major programs included:
 - Head Start, CFDA No. 93.600
 - WIOA Youth Activities, CFDA No.17.259
 - Continuum of Care Program, CFDA No. 14.267
8. The threshold for distinguishing Types A and B programs was \$2,401,695.
9. Fresno Economic Opportunities Commission was determined to be a low-risk auditee.

FINANCIAL STATEMENT FINDINGS

There were no reportable findings.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**Questioned
Costs**

MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

DEPARTMENT OF HEALTH & HUMAN SERVICES

2019-001 – Head Start – CFDA 93.600, Grant Number 09CH010290-04-00
Grant Period January 1, 2019 – December 31, 2019.

Statement of Condition: Although disposition instructions were requested for several assets, equipment that the Agency had determined had a current per unit market value of less than \$5,000 were disposed without requesting prior disposition instructions.

Criteria: When original or replacement equipment acquired under a federal award is no longer needed, the non-federal agency must request disposition instructions from the Federal awarding agency.

Cause: Misunderstanding of requirement to request disposition instructions for equipment with current per unit fair market value under \$5,000 and sequencing of the requirements in the policy and procedure manual.

Effect: Because of the failure to request disposition instructions, the federal agency has the right to potentially request reimbursement for the disposed equipment.

Context: The population of 23 disposed assets of \$527,045 total original costs were 100% tested. The test found 13 disposed assets with an original cost of \$105,377 for which advance disposition instructions were not requested.

Recommendation: The Agency should revise the asset disposition form to include a section to document funding source approval and provide additional staff training regarding the disposition requirements. Also, the Agency should update its policy and procedures manual to emphasize and move the request for disposition requirement paragraph before the disposition of assets under \$5,000 unit cost rules.

View of Responsible Officials and Planned Corrective Actions: The Agency agrees with the finding and has updated its procedures and provided staff training. The Agency also has requested and received retroactive approval for disposal of the assets in non-compliance.

Total Department of Health and Human Services	\$ <u>0</u>
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Total	\$ <u>0</u>
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STATUS OF PRIOR YEAR FINDINGS

There were no findings from the prior year audit.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass through California State Department of Food and Agriculture:				
Special Supplemental Food Program for Women, Infants, and Children	10.557	15-10082 A04	1,300,442	
		15-10082 A03	4,135,513	
Non-cash assistance - WIC Vouchers		15-10082 A04	4,856,928	
		15-10082 A03	15,045,085	
			25,337,968	
Pass through California State Department of Education:				
Children, Youth and Families at Risk	10.521	01183-CACFP-10-NP-SOIC	162,578	
		01183-CACFP-10-NP-SOIC	67,202	
			229,780	
Child and Adult Care Food Program	10.558	01183-CACFP-10-NP-SOIC	1,417,603	
		01183-CACFP-10-NP-SOIC	5,998	
		01183-CACFP-10-NP-SOIC	6,562	
		23254-J067	9,925	
		23254-J067	10,776	
		10-62166-1030642-01	10,919	
		10-62166-1030642-01	15,507	
		10-34108-9013004-01	1,729	
		10-34108-9013004-01	1,931	
			1,480,950	
Summer Food Service Program	10.559	01183-SFSP-10	230,597	
		01183-SFSP-10	11,115	
			241,712	
Pass through Ecology Center:				
Food Insecurity Nutrition Incentive Program	10.331	17-0212-001-SF	18,153	
		17-0212-001-SF	19,216	
			37,369	
Total Department of Agriculture			27,327,779	0

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Continuum of Care Program	14.267	CA1665L9T141700	180,301	
		CA1665L9T141801	88,726	
		CA1666L9T141700	45,436	
		CA1666L9T141801	21,384	
		CA1090L9T141805	117,414	
		CA1090L9T141704	233,858	
		CA1481L9T141702	178,139	
		CA1481L9T141803	68,884	
		CA1568L9T141802	61,362	
		CA1568L9T141701	122,410	
		CA1570L9T141802	122,790	
		CA1570L9T141701	152,422	
		CA1409L9T141702	192,050	
		CA1409L9T141803	63,202	
		CA1761L9T141800	3,731	
			<u>1,652,109</u>	
Pass through City of Fresno Development and Resource Management Department, Housing and Development Division:				
Community Development Block Grant	14.218	----	118,573	
		B-18-MC-06-001	36,200	
		----	10,471	
			<u>165,244</u>	
City Emergency Solution Grant - Rapid Re-Housing	14.231	P-19-260-P	25,514	
Total Department of Housing and Urban Development			<u>1,842,867</u>	<u>0</u>
<u>U.S. DEPARTMENT OF THE INTERIOR BUREAU OF RECLAMATION</u>				
Youth Conservation	15.546	R18AC0002	68,663	
Total Department of the Interior			<u>68,663</u>	<u>0</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Pass through California Governor's Office of Emergency Services:				
Services for Trafficking Victims	16.320	2018-VT-BX-K024	217,232	
		2019-VM-BX-0010	5,158	
Total Department of Justice			<u>222,390</u>	<u>0</u>

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. DEPARTMENT OF LABOR</u>				
Pass through Fresno Regional Workforce Investment Board:				
Workforce Investment Act Youth Activities	17.259	310-301	488,052	
		310-301	553,451	
		310-301	173,930	
		310-301	194,001	
		310-0812	49,499	
Pass through Youthbuild USA:			1,458,933	
YouthBuild/DOL	17.274	YB-31053-17-60-A-6	518,515	16,597
Total Department of Labor			<u>1,977,448</u>	<u>16,597</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass through Fresno Council of Governments:				
Federal Transit Technical Studies Grants	20.505	--	40,000	
Total Department of Transportation			<u>40,000</u>	<u>0</u>
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>				
Intermediary Loan Program	59.062	48111450-00	737,398	
Total Small Business Administration			<u>737,398</u>	<u>0</u>
<u>U.S. DEPARTMENT OF ENERGY</u>				
Pass through California State Department of Community Services and Development:				
Weatherization Assistance for Low-Income Persons	81.042	17C-4006	653,680	
Total Department of Energy			<u>653,680</u>	<u>0</u>

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass through Fresno Unified School District:				
Title I - Grants to Local Educational Agencies	84.010	S010A150005 S010A150005	19,072 25,314 <u>44,386</u>	
Title II - Improving Teacher Quality State Grants	84.367	S367A150005 S367A150005	1,960 907 <u>2,867</u>	
Title IV - Student Support and Academic Enrichment	84.424	S424A180005 S424A180005	5,000 - <u>5,000</u>	
Total Department of Education			<u>52,253</u>	<u>0</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Head Start	93.600	09CH010290-04-05	38,330,076	
Runaway and Homeless	93.623	90CY67046/02 90CY67046/01	53,742 151,469 <u>205,211</u>	
Education and Prevention, Runaway, Homeless and Street Youth	93.557	09Y02266/03	144,035	
Enterprise + OCS	93.570	90EE 1154-01-00	246,172	
Pass through California Department of Education:				
CCDF Cluster				
Child Development Programs (13609-J067)	93.596	CCTR-8032 CCTR-9033 CSPP-8071	51,517 57,977 60,303 <u>169,797</u>	
Child Development Programs (15136-J067)	93.575	CCTR-8032 CCTR-9033 CSPP-8071	23,382 26,651 27,697 <u>77,730</u>	
Total CCDF Cluster			<u>247,527</u>	

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Expenditures to Subrecipients
Pass through Fresno-Madera Area Agency on Aging:				
Aging Cluster				
Special Programs for the Aging - Title III-B Transp	93.044	20-0093	22,993	
		19-0093	23,150	
			<u>46,143</u>	
Special Programs for the Aging - Title III-C-1 Site M	93.045	19-0090	11,551	
		18-0090	24,812	
			<u>36,363</u>	
Total Aging Cluster			<u>82,506</u>	
Pass through California State Department of Community Services and Development:				
Community Services Block Grant	93.569	19F-4010	1,854,644	
		18F-5010	0	
		19F-4412	8,036	
			<u>1,862,680</u>	
Low-Income Home Energy Assistance	93.568	18B-4008	861,202	
		19B-5008	3,565,910	
		20B-2008	19,432	
		20D-1008	1,091	
			<u>4,447,635</u>	
Pass through County of Fresno Human Services System:				
CalWORKS Transportation Agreement	93.558	--	196,472	
		--	201,802	
			<u>398,274</u>	
Maternal and Child Health Services Block Grant/Pos	93.994	17-10138	263,479	
Development Grant		17-10138	257,142	
			<u>520,621</u>	
Pass through California Family Health Council, Inc.:				
Family Planning Services/Male Services Program	93.217	2019/20 Title X	132,499	
		2018/19 Title X	43,297	
			<u>175,796</u>	
Total Department of Health and Human Services			<u>46,660,533</u>	<u>0</u>

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures	Expenditures to Subrecipients
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Foster Grandparents Program	94.011	18SFPCA001	167,088	
		18SFPCA001	152,745	
			319,833	
Pass through YouthBuild USA:				
YouthBuild AmeriCorps	94.006	13NDHMA0010086	58,082	
		13NDHMA0010086	75,689	
		19NDHMA0030026	3,506	
			137,277	
Total Corporation for National and Community Service			457,110	0
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass through United Way of America:				
Emergency Food and Shelter Program	97.024	35-0464-00 014 E1	10,548	
		36-0464-00 014 E1	5,847	
Total Department of Homeland Security			16,395	0
TOTAL FEDERAL AWARDS			\$ 80,056,516	\$ 16,597

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Fresno Economic Opportunities Commission under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S., *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Fresno Economic Opportunities Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Fresno Economic Opportunities Commission.

Note 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 the Uniform Guidance.

Fresno Economic Opportunities Commission has an approved indirect cost rate and does not use the 10 percent de minimis indirect cost rate.

Note 3 – Loan Balances

The following are the outstanding federal loan program balances as of December 31, 2019:

Intermediary Loan Program	48111450	\$	681,190
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Note 4 – Nonmonetary Transactions

WIC Food Vouchers

The Agency receives a grant from the U.S. Department of Agriculture, passed through the California State Department for Health Services for the Special Supplemental Food Program for Women, Infants, and Children ("WIC"). As part of this program, the Agency processes and distributes food vouchers to its participants. During the year ended December 31, 2019, the estimated value of these vouchers totaled \$19,902,012 which is included in the accompanying Schedule of Expenditures of Federal Awards.

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 2020

To the Board of Commissioners
Fresno Economic Opportunities Commission

We have audited the consolidated financial statements of Fresno Economic Opportunities Commission for the year ended December 31, 2019, and have issued our report thereon dated December 21, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 7, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fresno Economic Opportunities Commission are described in Note 2 to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during year ending December 31, 2019. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 21, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In planning and performing our audit of the financial statements of Fresno Economic Opportunities Commission as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Fresno Economic Opportunities Commission'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 Agency's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in Fresno Economic Opportunities Commission's internal control to be significant deficiencies:

Equipment the Agency had determined that had a current per unit market value of less than \$5,000 were disposed without requesting prior disposition instructions.

When original or replacement equipment acquired under a federal award is no longer needed, the non-federal agency must request disposition instructions from the Federal awarding agency.

Because of the failure to request disposition instructions, the federal agency has the right to potentially request reimbursement for the disposed equipment.

The Agency should revise the asset disposition form to include a section to document funding source approval and provide additional staff training regarding the disposition requirements. Also, the Agency should update its policy and procedures manual to emphasize and move the request for disposition requirement paragraph before the disposition of assets under \$5,000 unit cost rules.

This information is intended solely for the use of board of Commissioners and management of Fresno Economic Opportunities Commission and is not intended to be and should not be used by anyone other than these specified parties.

Very truly,



KAKU & MERSINO, LLP

SPECIAL BOARD OF COMMISSIONERS MEETING

Date: December 28, 2020	Program: Head Start
Agenda Item #: 8	Director: Kathleen Shivaprasad, Rosa Pineda, Nidia Davis
Subject: Head Start Application Submission	Officer: Emilia Reyes

Recommended Action

Staff recommends approval of the Head Start Application Submission Funding Opportunity Number: HHS-2021-ACF-OHS-CH-R09-1860 for approximately \$41,700,206 beginning July 1, 2021 to June 30, 2022 with the option to renew for four years.

Background

Due to the proprietary information the Head Start Application contains, staff recommends delegating authority to the Commission's Head Start Ad Hoc Committee related to this proposal.

Fiscal Impact

The Head Start 0-5 program is approximately \$41,700,206 million which includes base funding and training & technical assistance for both Head Start/Early Head Start program which is approximately 40% of the agency's annual budget.

Conclusion

If approved by the Board, staff will convene the Commission's Head Start Ad Hoc Committee to review and submit the Head Start application by January 05, 2021. If the Board does not approve, the agency will lose the opportunity to serve approximately 2,700 children and families for approximately \$41,700,206 million in funding. A total of 40% of the agency's annual budget.