



Audit Committee Meeting

February 17, 2022 at 12:00 p.m.

Zoom Link: <https://fresnoeoc.zoom.us/j/86498845626>

Meeting ID: 864 9884 5626

1-669-900-6833



AUDIT COMMITTEE MEETING AGENDA

FEBRUARY 17, 2022 AT 12:00 P.M.

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF MARCH 16, 2021 MINUTES

A. March 16, 2021 Finance Committee Meeting Minutes

Approve

3

4. FINANCIAL AUDIT REPORTS

Accept

A. Agency Financial Statements – December 2020

5

B. 2020/2021 School of Unlimited Learning Financial Statements

52

5. PUBLIC COMMENTS

(This portion of the meeting is reserved for persons wishing to address the Committee on items within jurisdiction but not on the agenda. Comments are limited to three minutes).

6. ADJOURNMENT

AUDIT COMMITTEE MEETING**Zoom Meeting****March 16, 2021****12:00 PM****MINUTES****1. CALL TO ORDER**

Daniel Martinez, Audit Committee Chair, called the meeting to order at 12:18 P.M.

2. ROLL CALL

Present: Daniel Martinez, Maiyer Vang, Ed Avila, Alysia Bonner, Ruben Zarate, Zina Brown-Jenkins

Absent: None

3. APPROVAL OF DECEMBER 9, 2020 MINUTES

Public Comment: None heard.

Motion by: Maiyer Vang **Second by:** Zina Brown-Jenkins

Ayes: Martinez, Vang, Brown-Jenkins, Zarate, Bonner

Nays: None heard.

4. APPROVAL OF INTERNAL AUDIT POLICIES AND PROCEDURES

The Internal Audit Policies and Procedures Manual was updated to reflect the change of daily supervision from Chief Executive Officer to Chief Financial Officer. No questions were heard.

Public Comment: None heard

Motion by: Bonner **Second by:** Vang

Ayes: Martinez, Vang, Brown-Jenkins, Zarate, Bonner

Nays: None heard.

5. APPROVAL OF INTERNAL AUDIT PLAN

Susan Shiomi, Internal Audit Director presented the internal audit plan for 2021. Plans include implementing new audit testing suggested by Hudson Henderson, the external auditors based on the Head Start performance review.

Commissioner Brown-Jenkins inquired if this was the only changes we took from Hudson Henderson. Shiomi replied that Hudson Henderson provided four different testing reviews that will be implemented. Brown-Jenkins asked if this was because of Head Start issues from prior years. Shiomi stated that Internal Audit will focus on Head Start this year so we do not have issues again.

Commissioner Vang questioned whether she needed to abstain because she works for Fresno Unified. A discussion followed concluding that she did not need to abstain.

Public Comment: None heard

Motion by: Martinez **Second by:** Zarate

Ayes: Martinez, Avila, Vang, Brown-Jenkins, Zarate, Bonner
Nayes: None heard.

6. SINGLE AUDIT ACCEPTANCE LETTERS

Public Comment: None heard
No action required.

7. OTHER BUSINESS

Next meeting: Wednesday, June 2, 2021 at 12:00 P.M.

Public Comment: None heard
No action required.

8. ADJOURNMENT

Martinez adjourned the meeting at 12:37 P.M.

Respectfully submitted,

Daniel Martinez, Chair



AUDIT COMMITTEE MEETING

Date: February 17, 2022	Program: Internal Audit
Agenda Item #: 4	Director: Susan Shiomi
Subject: Financial Audit Reports	Officer: Jim Rodriguez, CFO

Recommended Action

Staff recommends acceptance of Fresno EOC's Consolidated Financial Statements for the year-end December 31, 2020 as well as acceptance of the 2020-21 School of Unlimited Learning Financial Statements as prepared by Hudson Henderson & Company, Inc.

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 2020, Fresno EOC received approximately 69% of its funding from Federal granting agencies. The discontinuance of funding from these Federal sources would have an adverse effect on the ability of Fresno EOC to carry out its vision and mission, "Helping People, Changing Lives".

Conclusion

If accepted by the Committee, this item will move forward for full Board consideration at the March 23, 2022 Board of Commissioners Meeting.



FRESNO ECONOMIC OPPORTUNITIES COMMISSION

**CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Fresno Economic Opportunities Commission

We have audited the accompanying financial statements of Fresno Economic Opportunities Commission (the Organization), a nonprofit organization, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's financial statements as a whole. The schedule of grant revenues and expenditures – Local Conservation Corps Grant Program is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements. The schedule of grant revenues and expenditures – Local Conservation Corps Grant Program and schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of grant revenues and expenditures – Local Conservation Corps Grant Program and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2022, on our consideration of the Organization'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." The signature is written in a cursive, flowing style.

Fresno, California
February 9, 2022

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS

Current Assets

Cash and cash equivalents	\$ 11,932,317
Cash and cash equivalents - restricted	620,318
Investments	303,009
Grants receivable	15,856,839
Other receivables	26,859
Prepaid expenses and deposits	523,248
Loans receivable, current portion	<u>1,187,926</u>

Total current assets	<u>30,450,516</u>
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Noncurrent Assets

Investments in trust	954,203
Inventories	145,400
Loans receivable, net	14,230,205
Fixed assets, net	<u>13,712,811</u>

Total noncurrent assets	<u>29,042,619</u>
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Total Assets	<u><u>\$ 59,493,135</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 3,338,970
Salaries and benefits payable	3,510,519
Refundable advances	4,253,368
Health insurance reserve	3,991,455
Other liabilities	3,196,721
Notes payable, current portion	<u>1,272,535</u>

Total current liabilities	19,563,568
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Long-Term Liabilities

Notes payable, net of current portion	<u>10,820,735</u>
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Total liabilities	<u>30,384,303</u>
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Net Assets

With donor restrictions	3,130,958
Without donor restrictions	<u>25,977,874</u>

Total net assets	<u>29,108,832</u>
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Total Liabilities and Net Assets	<u><u>\$ 59,493,135</u></u>
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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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Grant revenue	\$ 94,101,133	\$ 2,000,000	\$ 96,101,133
Fee for services	17,799,259	-	17,799,259
Contributions	395,426	-	395,426
Investment income	2,881,014	-	2,881,014
Other income	3,310,544	-	3,310,544
In-kind matching contributions	2,284,568	-	2,284,568
Net assets released from restrictions:			
Satisfaction of program requirements	1,068,924	(1,068,924)	-
Total Support and Revenues	121,840,868	931,076	122,771,944
EXPENSES			
Program Services:			
Education	47,053,832	-	47,053,832
Employment and training	3,441,231	-	3,441,231
Health services	5,762,653	-	5,762,653
Housing	2,607,708	-	2,607,708
Energy	8,110,749	-	8,110,749
Food and nutrition	33,277,642	-	33,277,642
Transit	7,297,115	-	7,297,115
Other services	3,736,005	-	3,736,005
Access Plus Capital	2,136,404	-	2,136,404
Other affiliates	103,994	-	103,994
Total Program Services	113,527,333	-	113,527,333
Supporting Services:			
General and administration	8,175,723	-	8,175,723
Total Expenses	121,703,056	-	121,703,056
Excess of Support and Revenues over Expenses	137,812	931,076	1,068,888
OTHER INCOME (EXPENSES)			
Increase in grant funded assets	169,342	-	169,342
Depreciation of grant funded assets	(1,339,463)	-	(1,339,463)
Change in Net Assets	(1,032,309)	931,076	(101,233)
Net Assets at Beginning of Year	27,010,183	2,199,882	29,210,065
Net Assets at End of Year	<u>\$ 25,977,874</u>	<u>\$ 3,130,958</u>	<u>\$ 29,108,832</u>

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, 2020**

	Program Services				
	Education	Employment and Training	Health Services	Housing	Energy
Personnel costs	\$ 31,606,010	\$ 2,708,950	\$ 2,811,308	\$ 1,346,578	\$ 2,152,101
Contract services	6,817,591	182,653	2,416,953	198,163	1,356,620
Facility costs	1,833,655	178,771	248,178	807,152	686,265
Travel, mileage & vehicle costs	264,222	18,847	24,961	32,726	8,517
Equipment costs	410,481	75,912	43,923	10,745	208,906
Office expense	1,886,040	65,802	274,478	75,095	186,545
Insurance expense	224,322	33,725	19,526	21,779	23,839
Program supplies & client costs	1,835,133	123,932	275,305	218,557	148,311
Food vouchers	-	-	-	-	-
Utility vouchers	-	-	-	-	3,524,129
Depreciation	18,386	13,216	7,867	17,151	17,171
Interest	-	-	-	-	-
Other costs	9,093	13,548	4,095	17,353	1,434
In-kind expenses	7,835,124	165,283	-	410	-
Subtotal	52,740,057	3,580,639	6,126,594	2,745,709	8,313,838
Intercompany eliminations	(5,686,225)	(139,408)	(363,941)	(138,001)	(203,089)
Total expenses	<u>\$ 47,053,832</u>	<u>\$ 3,441,231</u>	<u>\$ 5,762,653</u>	<u>\$ 2,607,708</u>	<u>\$ 8,110,749</u>

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (continued)
FOR THE YEAR ENDED DECEMBER 31, 2020

Food and Nutrition	Program Services			Supporting Services		Total Expenses
	Transit	Other Services	Access Plus Capital	Other Affiliates	General and Administration	
\$ 6,185,565	\$ 5,077,043	\$ 2,546,864	\$ 969,254	\$ 7,976	\$ 4,891,346	\$ 60,302,995
1,524,927	504,356	659,769	231,597	2,055	711,594	14,606,278
526,980	106,086	985,602	54,122	-	292,901	5,719,712
5,688	1,064,167	51,139	8,655	-	73,159	1,552,081
214,971	33,357	55,092	9,854	-	193,631	1,256,872
334,245	127,185	241,754	89,806	1,754	350,609	3,633,313
31,598	299,874	58,463	17,363	-	26,086	756,575
4,212,578	369,419	146,374	180,566	-	70,261	7,580,436
21,347,725	-	-	-	-	-	21,347,725
-	-	-	-	-	-	3,524,129
4,484	4,877	257,848	8,479	-	11,338	360,817
-	-	6,495	218,579	-	8,090	233,164
204	-	6,778	496,722	93,494	1,558,950	2,201,671
350,791	-	-	12,324	-	-	8,363,932
34,739,756	7,586,364	5,016,178	2,297,321	105,279	8,187,965	131,439,700
(1,462,114)	(289,249)	(1,280,173)	(160,917)	(1,285)	(12,242)	(9,736,644)
<u>\$ 33,277,642</u>	<u>\$ 7,297,115</u>	<u>\$ 3,736,005</u>	<u>\$ 2,136,404</u>	<u>\$ 103,994</u>	<u>\$ 8,175,723</u>	<u>\$ 121,703,056</u>

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, 2020**

Cash Flows from Operating Activities

Change in net assets	\$ (101,233)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	1,700,280
Provision for loan losses and bad debt expense	426,919
Changes in operating assets and liabilities:	
Grants receivable	(4,734,418)
Other receivables	1,476,527
Prepaid expenses and deposits	(233,802)
Inventories	5,392
Accounts payable and accrued expenses	611,604
Salaries and benefits payable	322,897
Refundable advances	3,312,746
Health insurance reserve	1,214,564
Other liabilities	<u>1,301,930</u>
Net cash provided by operating activities	<u>5,303,406</u>

Cash Flows from Investing Activities

Net sales (purchases) of investments	(17,771)
Purchase of capital assets	(303,891)
Issuance of loans receivable	(5,531,458)
Collections of loans receivable	<u>3,575,504</u>
Net cash used by investing activities	<u>(2,277,616)</u>

Cash Flows from Financing Activities

Principal payments on notes payable	<u>(1,402,252)</u>
Net cash used by financing activities	<u>(1,402,252)</u>
Net increase in cash, cash equivalents and restricted cash	1,623,538

Cash, Cash Equivalents and Restricted Cash, Beginning of Year

10,929,097

Cash, Cash Equivalents and Restricted Cash, End of Year

\$ 12,552,635

Reconciliation of Cash, Cash Equivalents and Restricted Cash
to the Statement of Financial Position

Cash and cash equivalents	\$ 11,932,317
Cash and cash equivalents restricted for loan loss reserves	<u>620,318</u>

Total Cash, Cash Equivalents and Restricted Cash, End of Year \$ 12,552,635

Supplemental Disclosure:

Interest paid	<u><u>\$ 233,164</u></u>
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The accompanying notes are an integral part of the consolidated financial statements.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Fresno Economic Opportunities Commission (the Organization) is a non-profit corporation incorporated in the State of California in 1965. The Organization 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 Organization'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.

Principles of Consolidation: The Organization 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 Organization 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 Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. Under Accounting Standard Codification (ASC) Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are the portion of net assets over which the governing board has discretionary control for the general operations of the Organization. The only limits on net assets without donor restrictions are limits resulting from contractual agreements.

Net assets with donor restrictions are the portion of net assets resulting from contribution, pledges, and other inflows of assets whose use by the Organization is limited by donor-imposed restrictions that expire by the passage of time or usage, and the portion of net assets restricted by external parties (donors, grantors, or laws and regulations) in ways that are not dependent on the passage of time.

Method of Accounting: The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cost Allocations (continued): Facility costs, including depreciation, are predominantly 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: For purposes of reporting the Statement of Cash Flows, the Organization considers all cash accounts and all highly liquid debt instruments purchased with an original maturity of three (3) months or less to be cash equivalents. Certificates of deposit with original maturity dates of greater than three (3) months are classified as investments.

Grants Receivable: Grants receivable consist of the amounts due from grantors on their promises to give or amounts as earned under the grant agreement. Grants receivable are stated at the amounts the Organization expects to collect. The Organization utilizes the allowance method for accounting for and reporting uncollectible or doubtful accounts. The provision for uncollectible amounts is computer based upon historical averages and management's consideration of current economic factors that could affect collections. At December 31, 2020, management considered all grants receivable to be fully collectible and, therefore, no allowance against grants receivable was recorded in the accompanying financial statements.

Other Receivables: Other receivables consist of the amounts due from other organizations or agencies for which services have been rendered and fees are payable to the Organization. The Organization utilizes the allowance method for accounting for and reporting uncollectible or doubtful accounts. At December 31, 2020, management considered all accounts receivable to be fully collectible and, therefore, no allowance against other receivables was recorded in the accompanying financial statements.

In-Kind Matching Contributions: The Organization receives a significant number 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.

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.

Fixed Assets: All purchased fixed assets in excess of \$5,000 are valued at cost where historical records are available and at an estimated historical cost when no historical record exists. Donations of fixed assets are recorded as support at their estimated fair market values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with restrictions regarding their use and contributions of cash that must be used to acquire capital assets are reported as restricted support. Absent donor stipulations regarding length of time, those donated or acquired assets are placed in service as instructed by the donor. Fixed assets are depreciated using the straight-line method over their estimated useful lives of between 5 and 10 years.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inter-Company Eliminations: Under certain grant agreements, the Organization 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 Organization also provides food and transit services to multiple programs. The Organization 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 services, 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, 2020 related to facility activities, administrative services, food, transit and other services was \$858,284, \$5,155,696, and \$3,722,664, respectively.

Revolving Loan Fund: The receipt of grant funding from various Federal and non-Federal sources for the purpose of issuing loans to eligible clients has generated a funding pool for the continued issuance of future loans. Management has determined that there will be no future claims against these funds. The funds will continue to be issued in accordance with the ongoing business purpose of the Organization. The funds are included in net assets without donor restrictions.

California Capital Access Program for Small Business (CalCAP): The Organization participates in the California Capital Access Program for Small Business (CalCAP) program administered by the California Pollution Control Financing Authority to encourage banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing. CalCAP is a form of loan portfolio insurance that may provide up to 100% coverage on certain loan defaults. Eligible loans up to \$2.5 million may be enrolled for loans as large as \$5 million with a maximum lender/borrower contribution for any single borrower in a three-year period of \$100,000. Authorized claim reimbursements shall not exceed the enrolled amount of the qualified loan that form the basis of the claim, except for reasonable out-of-pocket expenses. Additionally, claim reimbursements in excess of the Loss Reserve Account will not be made. Eligible small businesses must be based within California and be classified as a small business. Their business activity resulting from the enrolled loans must be created and retained in California.

Loans Receivable: Loans receivable consists of loans made to microbusiness and small business borrowers and are carried at their outstanding principal balances, net of an allowance for loan losses. Loan origination fees are recognized immediately, which management has determined is not materially different from accounting principles generally accepted in the United States of America.

Interest income is accrued on principal loan balances. The Organization accrues interest on past due loans at the regular rate of interest or at the default rate of interest for loans that are in default. Loans may be placed on nonaccrual status when any portion of the principal or interest is ninety days past due or earlier when concern exists as to the ultimate collectability of principal or interest, as evaluated. The Organization makes every effort to collect all interest payments from the borrower even after loans are placed on nonaccrual status for accounting purposes.

Loans return to accrual status when principal and interest become current and are anticipated to be fully collectible. Payments received on nonaccrual loans receivable are first applied to outstanding principal or interest depending on the circumstances of each particular loan.

Loan Loss Reserves: The Organization is required to create cash 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. The loan loss reserves are presented in the Statement of Financial Position as cash and cash equivalents restricted for loan loss reserves. The balance of the cash and cash equivalents restricted for loan loss reserves as of December 31, 2020 is \$620,318.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for Loan Losses: Management's determination of the level of the allowance for loan losses rests upon various judgments and assumptions, including current and projected economic conditions, prior loan loss experience, the value of the underlying collateral, continuing review of the loans, and evaluation of credit risk. Management considers the allowance for loan losses adequate to cover losses inherent in loans and loan commitments. However, because of uncertainties associated with these judgments and assumptions, it is reasonably possible that management's estimate of loan losses and the related allowance may change materially in the near-term. The allowance is increased or decreased by a provision (recapture) for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries. The balance of the allowance for loan losses as of December 31, 2020 was estimated at 5% of the outstanding loan portfolio.

A large portion of the Organization's portfolio has the additional 90% to 95% guarantee from the CalCAP and other state guarantors. As of December 31, 2020, 17.27% of the loans receivable portfolio had the additional guarantee from Small Business Administration (SBA), State, or other providers.

Refundable Advances: The Organization receives grant awards from funding sources to provide services and direct loan programs. The grants are recognized as the required services are performed or loans are issued. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Compensated Absences: Employees of the Organization are entitled to paid vacation, depending on length of service and other factors. The Organization recognizes compensated absences as a liability for amounts due to staff employees for accrued vacation at pay rates currently in effect for the employee. Accrued compensated absences are recorded in the salaries and benefits payable line item on the Consolidated Statement of Financial Position. Total compensated absences were \$2,424,464 as of December 31, 2020.

Contributions: Contributions consist primarily of amounts received from financial institutions, federal, state and local agencies. The Organization recognizes all contributions when they are received or unconditionally promised, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as net assets with donor restrictions. When the time or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Conditional contributions and promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. As of December 31, 2020, there were no conditional contributions. Contributions to be received after one year are discounted at an appropriate rate commensurate with the anticipated cash flow and risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. As of December 31, 2020, the Organization did not have contributions to be received after one year.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Government Grants and Contracts: Government grants and contracts consists of grants from the federal government, financial institutions, and other not for profit organizations. Grants are utilized to support the Organization's lending programs. Grant funding received is recognized as unearned income until the revenue is earned.

Exchange Transactions: Revenues earned from fees for service, loan originations fees, and late fees are considered to be exchange transactions. Revenues from exchange transactions are reported gross of any related expense in the accompanying financial statements.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses: The costs of the Organization's various activities have been summarized on a functional basis in the accompanying Statements of Activities and Functional Expenses. Expenses are allocated to program and supporting services based upon employee's time for each function, purpose of each expenditure, and service provided for each program.

Advertising: Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. There were no capitalized costs. Advertising costs of \$114,181 were incurred during the year ended December 31, 2020.

Income Taxes: The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income.

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization's management has analyzed the tax positions taken and has concluded that, as of December 31, 2020, there were no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Organization files tax forms in the U.S. federal jurisdiction and the State of California. The Organization is generally no longer subject to examination by these agencies for years before December 31, 2017.

Fair Value of Financial Instruments: Financial instruments include cash and cash equivalents, accounts receivable, grants receivable, other receivables, prepaid expenses and deposits, accounts payable and accrued expenses, and refundable advances, none of which are held for trading purposes. The fair values of all financial instruments do not differ materially from the aggregate carrying values of the financial instruments recorded in the accompanying Statement of Financial Position. The carrying amounts of these financial instruments approximate fair value because of the short-term maturities of those instruments.

Concentrations of Credit Risk: Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash and cash equivalents and loans receivable.

The Organization maintains several bank accounts at different banks. Interest and non-interest bearing accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Occasionally, account balances at some of these institutions exceed federally insured limits. Excess amounts are reviewed at least semi-annually at the Executive Committee and full board meetings. Staff monitors these accounts quarterly for opportunities to reallocate idle funds between existing institutions as available, resulting in risk reduction. All funds are invested in financial institutions with high credit ratings. The Organization has not experienced any losses related to such investments. The Organization currently has accounts with three bank institutions in excess of FDIC limits as of December 31, 2020. The total amount of cash in excess of FDIC limits as of December 31, 2020, was \$4,009,042. Management considers this a normal business risk and has not experienced any losses in the past as a result of cash concentration.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in these consolidated financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through February 9, 2022, which is the date the financial statements were available to be issued.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 2 – AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization’s financial assets as of December 31, 2020, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other considerations of non-liquid assets are donor restricted assets for specific expenditures, contractual reserve requirements, or governing board designations.

Financial Assets:

Cash and cash equivalents	\$ 11,932,317
Cash and cash equivalents - restricted	620,318
Grants receivable	15,856,839
Other receivables	26,859
Investments in trust	954,203
Loans receivable	<u>15,418,131</u>
Total financial assets	<u>44,808,667</u>
Less amounts unavailable for general expenditures within one year due to:	
Cash and cash equivalents - restricted	620,318
Loans receivable, net of amounts due within one year	14,230,205
Approved but not yet funded loans	590,571
Net assets with donor restrictions	<u>3,130,958</u>
Total amounts unavailable for general expenditures	<u>18,572,052</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 26,236,615</u></u>

NOTE 3 – CASH AND CASH EQUIVALENTS

The Organization’s cash and cash equivalents consist of the following as of December 31, 2020:

Cash in banks	\$ 5,173,920
Petty cash	5,780
Certificates of deposit	3,035,218
Money market funds	<u>3,717,399</u>
Total Cash and Cash Equivalents	<u><u>\$ 11,932,317</u></u>

NOTE 4 – RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents consist of loan loss reserves of \$620,318 as of December 31, 2020. The Organization 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.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 5 – INVESTMENTS

Investments, as presented as their fair value as of December 31, 2020 are summarized as follows:

Stocks and ETFs	\$ 15,738
Corporate Bonds Fixed Income	287,271
Investments in trust	<u>954,203</u>
Total Investments	<u><u>\$ 1,257,212</u></u>

NOTE 6 – FAIR VALUE MEASUREMENTS

The Organization applies generally accepted accounting principles for fair value measurements of financial assets and liabilities. These accounting principles define fair value and establish a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques. The Organization uses appropriate valuation techniques to determine value based on inputs available. There have been no changes in the valuation methodologies used for assets measured at fair value at December 31, 2020.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The following description summarizes the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying Statement of Financial Position.

The three levels of inputs used to measure fair value are as follows:

Level 1 - Values measured using quoted prices in active markets for identical investments. The fair value of these financial instruments and investments is based on quoted market prices or dealer quotes in active markets. The fair value of the Organization's investments were all measured using quoted market prices in active markets for the year ended December 31, 2020.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. The Organization did not have any input into the fair value of Level 2 investments. The Organization did not have any assets reported at fair value with Level 2 inputs for the year ended December 31, 2020.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The Organization did not have any assets reported at fair value with Level 3 inputs for the year ended December 31, 2020.

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks and ETFs	\$ 15,738	\$ -	\$ -	\$ 15,738
Corporate Bonds Fixed Income	287,271	-	-	287,271
Investments in trust	<u>954,203</u>	<u>-</u>	<u>-</u>	<u>954,203</u>
	<u><u>\$ 1,257,212</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,257,212</u></u>

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 7 – LOANS RECEIVABLE

The Organization administers various direct lending programs in accordance with grant and loan agreements for a revolving loan program. The Organization provides financing to borrowers under specific terms of each of the lending programs available. These notes include 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 receivable consist of the following at December 31, 2020:

Grant program related loans, 3.25% to 9% interest annually, principal payments due at various times, secured by various assets:	\$ 16,501,342
Allowance for Loan Losses	<u>(1,083,211)</u>
Loans Receivable - Net of Allowance for Loan Losses	<u><u>\$ 15,418,131</u></u>

NOTE 8 – ALLOWANCE FOR LOAN LOSSES

The Organization's risk management policies ensure the Organization has a sufficient loan loss reserve. The Organization's policy is to maintain both a funded loan loss reserve (cash restricted to replenish the loan fund following any loan losses) as well as an allowance for loan losses that reflects the risk exposure in the loan portfolio. The Organization's risk rating methodology applies loan loss reserve requirements using the following scale: 1-Excellent, 2-Very Good/Good, 3-Substandard, and 4-Doubtful. The reserve is evaluated quarterly and adjusted to maintain a reasonable reserve balance. If risk exposure is mitigated by a loan guarantee, the maximum loan loss reserve allocation is the amount of the unguaranteed portion of the loan.

A large portion of the Organization's portfolio has the additional protection of a third-party guarantee from the CalCAP, the SBA and others. If any portion of a loan is deemed uncollectible, a full or partial charge-off against the loan loss reserve is made to assure that the value of the loan program's assets is stated as accurately as possible when disclosed.

The allowance for loan losses consisted of the following for the year ended December 31, 2020:

Allowance for Loan Losses	
Beginning balance	\$ 1,061,924
Charge-offs	(405,632)
Provision for bad debt	<u>426,919</u>
Allowance for Loan Losses - Ending Balance	<u><u>\$ 1,083,211</u></u>

The balance of the allowance for loan losses as of December 31, 2020 is \$1,083,211. The provision for bad debt for the year ended December 31, 2020 was \$426,919.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 8 – ALLOWANCE FOR LOAN LOSSES (continued)

The following is a summary of the Organization's age analysis of past due financing receivables at December 31, 2020:

	30-60 Days Past Due	61-90 Days Past Due	Greater than 90 Days Past Due	Total Past Due	Current Due	Total Due
Loans Receivable	\$ 22,052	\$ -	\$ 116,470	\$ 138,522	\$ 16,362,820	\$ 16,501,342

Impaired Loans: The Organization considers a loan to be impaired when it is deemed probable by management that the Organization will be unable to collect all contractual interest and contractual principal payments in accordance with the terms of the original loan agreement. Impaired loans include all loans that: (i) are contractually delinquent 90 days or more; (ii) meet the definition of a troubled debt restructuring; (iii) are classified in part or in whole as either doubtful or loss; and (iv) have been placed on non-accrual status. The Organization may also classify other loans as impaired based upon their specific circumstances. Loans identified as impaired are evaluated and have a specific loss allowance applied to adjust the loan to fair value, or the impaired amount is charged off. The Organization accounts for impaired loans at the value of outstanding principal. Payments received on impaired non-accrual loans may be allocated between principal and interest or may be recorded entirely as a reduction in principal based upon management's opinion of the ultimate risk of loss on the individual loan. Interest income on impaired loans is recognized on an accrual basis. There were no loans considered to be impaired as of December 31, 2020.

NOTE 9 – FIXED ASSETS

Fixed assets consisted of the following at December 31, 2020:

Land	\$ 856,323
Buildings and improvements	32,278,786
Equipment	14,018,100
Construction in process	11,650
Fixed Assets, Gross	47,164,859
Less: Accumulated Depreciation	(33,452,048)
Fixed Assets, Net	\$ 13,712,811

Depreciation expense for the year ended December 31, 2020, was \$1,700,280.

NOTE 10 – REFUNDABLE ADVANCES

Refundable advances consists of advanced grants for the year ended December 31, 2020. The total balance of refundable advances as of December 31, 2020, was \$4,253,368.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 11 – NOTES PAYABLE

Notes payable as of December 31, 2020, consists of the following:

Lending Institution	Security	Interest Rate	Payments	Maturity Date	December 31, 2020		Total
					Current	Long-term	
BBVA USA (EQ2)	Unsecured	2.8%	Quarterly	12/2029	\$ -	\$ 700,000	\$ 700,000
Beneficial State Bank	Unsecured	3.5%	Monthly	06/2021	501,245	-	501,245
Citibank, N.A.	Investments	2.0%	Monthly- Interest Only	12/2023	-	700,000	700,000
City of Fresno	Unsecured	0.0%	At Maturity	12/2030	-	229,131	229,131
City of Modesto	Unsecured	1.0%	At Maturity	10/2021	96,223	-	96,223
Community Action Financial Institute, Inc.	Unsecured	1.0%	Quarterly	04/2025	-	100,000	100,000
Community Action Financial Institute, Inc.	Unsecured	1.0%	Quarterly	07/2024	-	350,000	350,000
Department of Parks & Recreation	Unsecured	2.5%	Annual	08/2029	54,041	557,696	611,737
Farmers & Merchants Bank of Central California	Unsecured	3.0%	Quarterly	04/2024	-	765,000	765,000
MUFG Union Bank (EQ2 LOC)	Unsecured	2.0%	Monthly	04/2026	-	500,000	500,000
Mechanics Bank (EQ2 loan #1)	Unsecured	3.0%	Quarterly	05/2022	-	1,000,000	1,000,000
Mechanics Bank (EQ2 loan #2)	Unsecured	3.0%	Quarterly	05/2022	-	500,000	500,000
Tri Counties Bank (EQ2)	Unsecured	3.0%	At Maturity	08/2024	-	2,000,000	2,000,000
U.S Department of Agriculture (CDFI loan #1)	Revolving Loan Funds	2.0%	Monthly	12/2030	27,862	271,061	298,923
U.S Department of Agriculture (IRP loan #1)	Revolving Loan Funds	1.0%	Monthly	04/2047	7,300	217,700	225,000
U.S Department of Agriculture (IRP loan #2)	Revolving Loan Funds	1.0%	Monthly	06/2044	17,160	433,677	450,837
U.S. Small Business Administration (loan #2)	Revolving Loan Funds	Variable 0-1.25%	Monthly	07/2026	79,687	46,484	126,171
U.S. Small Business Administration (loan #3)	Revolving Loan Funds	Variable 0-0.75%	Monthly	09/2023	138,889	225,887	364,776
U.S. Small Business Administration (loan #4)	Revolving Loan Funds	0.0%	Monthly	07/2022	44,444	203,704	248,148
U.S. Small Business Administration (Lending Pilot Program)	Revolving Loan Funds	1%	Monthly	08/2031	55,684	570,395	626,079
Wells Fargo Bank, N.A.	Unsecured	2.0%	At Maturity	11/2024	-	500,000	500,000
Wells Fargo Bank, N.A. (EQ2)	Unsecured	2.0%	Quarterly	10/2028	-	750,000	750,000
Wells Fargo Community Development Corporation (EQ2)	Unsecured	2.0%	Quarterly	11/2030	-	200,000	200,000
Wells Fargo Community Investment Holdings (EQ2)	Unsecured	2.0%	At Maturity	07/2021	250,000	-	250,000
Total notes payable					<u>\$ 1,272,535</u>	<u>\$ 10,820,735</u>	<u>\$ 12,093,270</u>

Scheduled future principle payments of notes payable are as follows:

Year End December 31,	Total
2021	\$ 1,272,535
2022	955,948
2023	1,060,084
2024	4,740,622
2025	278,184
Thereafter	<u>3,785,897</u>
Total Minimum Principal Payments	<u>\$ 12,093,270</u>

Total interest expense on the notes payable for the year ended December 31, 2020, was \$233,164.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 12 – SELF-INSURED HEALTH COVERAGE

In 1989, the Organization 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 Organization 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 Organization 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 13 – NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions as of December 31, 2020, are related to funds designated by the Board for a special purpose or funds received with restrictions imposed on them by governmental agencies limiting their use to a specific purpose and stipulations regarding their segregation from other funds. All net assets with donor restrictions for the year ended December 31, 2020 are restricted from funding received with restrictions imposed on them, less amounts expended during the year. Net assets with donor restrictions amounted to \$3,130,958 as of December 31, 2020.

NOTE 14 – PENSION PLAN

The Organization contributes to a defined contribution pension plan which covers eligible employees of the Organization. Employees are eligible upon completion of two years of service and a minimum 1,000 hours of service requirement without an intervening break. The Organization contributes an amount equal to five percent of the compensation earned by each eligible participant. Employer contributions are vested immediately. The Organization contributed \$1,705,688 to the pension plan for the year ended December 31, 2020.

The Organization also has a 403(b) and 457 Plan for voluntary contributions for eligible employees. The Organization does not contribute to the plan 403(b) plan; contributions to the 457 plan for the year ended December 31, 2020 totaled \$23,038.

NOTE 15 – NONMONETARY TRANSACTIONS

WIC Food Vouchers: The Organization 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 Organization prints and distributes food vouchers to its participants. During the year ended December 31, 2020, the estimated value of these vouchers totaled \$21,347,725, which is included in the Organization’s grant income and program expenses, respectively.

Emergency Utility Payments: The Organization 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 Organization 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 the year ended December 31, 2020 was \$3,524,129, which is included in the Organization’s grant income and program expenses, respectively.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Loan Commitments: As of December 31, 2020, the Organization had 13 loans, that were approved but pending drawdown, with a total committed balance of \$590,571.

Operating Leases: The total outside rental expense incurred by the Organization for facilities during the year ended December 31, 2020 was \$1,218,852. The Organization also had miscellaneous equipment rental of \$289,125 for the year ended December 31, 2020, which was expensed. Minimum future rental payments under noncancellable operating leases are as follows:

Year End December 31,	Total
2021	\$ 1,384,581
2022	1,334,320
2023	1,224,276
2024	1,124,681
2025	1,050,436
Thereafter	<u>5,027,816</u>
Total	<u>\$ 11,146,110</u>

Grants: Contingencies contained within grants awarded to the Organization are subject to the donor's established criteria under which loans may be funded from the related grants. Should the loans and expenses funded not comply with the established criteria, the Organization could be held responsible for the repayments to the funding source for any disallowed loans and expenses. Management is not aware of any material questioned costs.

Coronavirus Pandemic: Management has determined the events regarding the novel coronavirus require disclosure in accordance with accounting standards. On March 4, 2020, Governor Newsom issued an emergency proclamation declaring a State of emergency in California due to the novel coronavirus (COVID-19). The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the Organization is unknown.

NOTE 17 – ECONOMIC DEPENDENCY AND CONCENTRATIONS

The Organization received approximately 69% of its funding from federal granting agencies for the year ended December 31, 2020. Approximately 95% of its grants receivable balance per the Consolidated Statement of Financial Position is from these federal granting agencies. Discontinuance of funding from these federal sources could have an adverse effect on the Organization's ability to continue its operations.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

SUPPLEMENTARY INFORMATION

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Federal Expenditures	Pass- Through to Sub- recipients
<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	\$ 3,997,598	\$ -
Special Supplemental Food Program for Women, Infants, and Children	10.557	15-10082 A04	1,245,779	-
Non-cash assistance - WIC Vouchers	10.557	15-10082 A04	16,384,579	-
Non-cash assistance - WIC Vouchers	10.557	15-10082 A04	4,963,146	-
Subtotal			<u>26,591,102</u>	<u>-</u>
WIC Farmer's Market Nutrition Program	10.572	15-10082 A04	<u>1,900</u>	<u>-</u>
Pass through California State Department of Education:				
Children, Youth and Families at Risk	10.521	01183-CACFP-10-NP-SOIC	<u>51,360</u>	<u>-</u>
Child and Adult Care Food Program	10.558	01183-CACFP-10-NP-SOIC	953,676	-
Child and Adult Care Food Program	10.558	01183-CACFP-10-NP-SOIC	2,007	-
Child and Adult Care Food Program	10.558	23254-J067	10,301	-
Child and Adult Care Food Program	10.558	23254-J067	6,685	-
Child and Adult Care Food Program	10.558	10-62166-1030642-01	6,357	-
Child and Adult Care Food Program	10.558	10-62166-1030642-01	4,670	-
Child and Adult Care Food Program	10.558	10-34108-9013004-01	380	-
Child and Adult Care Food Program	10.558	10-34108-9013004-01	512	-
Subtotal			<u>984,588</u>	<u>-</u>
Summer Food Service Program	10.559	01183-SFSP-10	53,912	-
Summer Food Service Program	10.559	01183-SFSP-10	<u>642,399</u>	<u>-</u>
			<u>696,311</u>	<u>-</u>
Pass through Ecology Center:				
Food Insecurity Nutrition Incentive Program	10.331	17-0212-001-SF	<u>32,274</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>28,357,535</u>	<u>-</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Federal Expenditures	Pass- Through to Sub- recipients
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Continuum of Care Program	14.267	CA1665L9T141801	\$ 113,357	\$ -
Continuum of Care Program	14.267	CA1666L9T141801	25,044	-
Continuum of Care Program	14.267	CA1090L9T141805	215,423	-
Continuum of Care Program	14.267	CA1090L9T141906	121,451	-
Continuum of Care Program	14.267	CA1481L9T141904	63,605	-
Continuum of Care Program	14.267	CA1481L9T141803	191,778	-
Continuum of Care Program	14.267	CA1568L9T141802	150,365	-
Continuum of Care Program	14.267	CA1568L9T141903	91,886	-
Continuum of Care Program	14.267	CA1570L9T141802	235,765	-
Continuum of Care Program	14.267	CA1570L9T141903	123,530	-
Continuum of Care Program	14.267	CA1409L9T141803	170,526	-
Continuum of Care Program	14.267	CA176L9T141901	44,847	-
Continuum of Care Program	14.267	CA1761L9T141800	127,563	-
Subtotal			1,675,140	-
Pass through City of Fresno Development and Resource				
Management Department, Housing and Development Division:				
Community Development Block Grant	14.218	----	144,575	-
Community Development Block Grant	14.218	----	111,406	-
Community Development Block Grant	14.218	B-18-MC-06-0001	25,000	-
Subtotal			280,981	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			1,956,121	-
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Services for Trafficking Victims	16.320	2018-VT-BX-K024	221,782	-
Services for Trafficking Victims	16.320	2019-VM-BX-0010	62,148	-
TOTAL U.S. DEPARTMENT OF JUSTICE			283,930	-

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Federal Expenditures	Pass- Through to Sub- recipients
<u>U.S. DEPARTMENT OF LABOR</u>				
Pass through Fresno Regional Workforce Investment Board:				
Workforce Investment Act Youth Activities	17.259	310-301	\$ 588,955	\$ -
Workforce Investment Act Youth Activities	17.259	310-301	542,832	-
Workforce Investment Act Youth Activities	17.259	310-301	62,463	-
Workforce Investment Act Youth Activities	17.259	310-301	172,378	-
Workforce Investment Act Youth Activities	17.259	646	79,689	-
Subtotal			<u>1,446,317</u>	<u>-</u>
Pass through Youthbuild USA:				
YouthBuild/DOL	17.274	YB-34315-19-60-A-6	109,963	-
YouthBuild/DOL	17.274	YB-31053-17-60-A-6	144,974	6,410
Subtotal			<u>254,937</u>	<u>6,410</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>1,701,254</u>	<u>6,410</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Federal Transit Technical Studies Grants	20.505	--	40,000	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>40,000</u>	<u>-</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
Pass through City of Fresno				
Coronavirus Relief Fund (CARES Act)	21.019	--	422,604	-
Pass through County of Fresno				
Coronavirus Relief Fund (CARES Act)	21.019	D-20-297	537,100	-
Coronavirus Relief Fund (CARES Act)	21.019	D-20-316	1,575,149	-
Subtotal			<u>2,112,249</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>2,534,853</u>	<u>-</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Federal Expenditures	Pass- Through to Sub- recipients
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>				
Intermediary Loan Program	59.062	48111450-00	\$ 682,648	\$ -
TOTAL U.S. SMALL BUSINESS ADMINISTRATION			682,648	-
<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	15C-1008		
Weatherization Assistance for Low-Income Persons	81.042	17C-4006	150,836	-
Weatherization Assistance for Low-Income Persons	81.042	20C-6005	40,861	-
TOTAL U.S. DEPARTMENT OF ENERGY			191,697	-
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass through Fresno Unified School District:				
Title I - Grants to Local Educational Agencies	84.010	S010A150005	18,068	-
Title I - Grants to Local Educational Agencies	84.010	S010A150005	34,291	-
Subtotal			52,359	-
Title II - Improving Teacher Quality State Grants	84.367	S367A150005	6,803	-
Title IV - Student Support and Academic Enrichment	84.424	S424A180005	2,500	-
Title IV - Student Support and Academic Enrichment	84.424	S424A180005	10,000	-
Subtotal			12,500	-
Education Stabilization Fund	84.425	S425D200016	12,272	-
TOTAL U.S. DEPARTMENT OF EDUCATION			83,934	-

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Federal Expenditures	Pass- Through to Sub- recipients
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Head Start	93.600	09CH010290-04-05	\$ 39,325,161	\$ -
Runaway and Homeless	93.623	90CY67046/02	117,376	-
Runaway and Homeless	93.623	90CY67046/03	49,540	-
Runaway and Homeless	93.623	90CY7046/02/C3	25,116	-
Subtotal			192,032	-
Enterprise + OCS	93.570	90EE 1154-01-00	60,073	-
Child Development Programs (13609-J067)	93.596	CCTR-9033	30,416	-
Child Development Programs (15136-J067)	93.575	CCTR-9033	13,983	-
Pass through Fresno-Madera Area Agency on Aging:				
Special Programs for the Aging - Title III-B Transportation	93.044	20-0093	17,616	-
Special Programs for the Aging - Title III-C-1 Site Management	93.045	20-0090	9,770	-
Special Programs for the Aging - Title III-C-1 Site Management	93.045	20-0095	690,810	-
Special Programs for the Aging - Title III-C-1 Site Management	93.045	21-0095	1,226,980	-
Subtotal			1,927,560	-
Pass through California State Department of Community Services and Development:				
Community Services Block Grant	93.569	20F-3649	1,104,567	-
Community Services Block Grant	93.569	20F-3010	1,483,973	-
Community Services Block Grant	93.569	19F-4412	21,964	-
Subtotal			2,610,504	-

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Federal Expenditures	Pass- Through to Sub- recipients
Low-Income Home Energy Assistance	93.568	20U-2557	\$ 521,554	\$ -
Low-Income Home Energy Assistance	93.568	19B-5008	226,398	-
Low-Income Home Energy Assistance	93.568	20B-2008	2,713,998	-
Low-Income Home Energy Assistance	93.568	21B-5008	7,742	-
Low-Income Home Energy Assistance	93.568	20D-1008	215,867	-
Subtotal			<u>3,685,559</u>	<u>-</u>
CalWORKS Transportation Agreement	93.558	--	190,721	-
CalWORKS Transportation Agreement	93.558	--	200,655	-
Subtotal			<u>391,376</u>	<u>-</u>
Maternal and Child Health Services Block Grant/Positive Youth Development Grant	93.994	17-10138	242,279	-
Maternal and Child Health Services Block Grant/Positive Youth Development Grant	93.994	17-10138	207,639	-
Subtotal			<u>449,918</u>	<u>-</u>
Pass through California Family Health Council, Inc.:				
Family Planning Services/Male Services Program	93.217	2019/20 Title X	127,501	-
Family Planning Services/Male Services Program	93.217	2020/21 Title X	109,444	-
Subtotal			<u>236,945</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>48,941,143</u>	<u>-</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Foster Grandparents Program	94.011	18SFPCA001	182,261	-
Foster Grandparents Program	94.011	18SFPCA001	161,646	-
Subtotal			<u>343,907</u>	<u>-</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA No.	Supplemental Identifying Number	Federal Expenditures	Pass- Through to Sub- recipients
Pass through YouthBuild USA:				
YouthBuild AmeriCorps	94.006	19NDHMA0030026	\$ 5,381	\$ -
YouthBuild AmeriCorps	94.006	13NDHMA0010086	64,329	-
YouthBuild AmeriCorps	94.006	19NDHMA0030026	64,324	-
Subtotal			<u>134,034</u>	<u>-</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>477,941</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass through United Way of America:				
Emergency Food and Shelter Program	97.024	36-0464-00 014 E1	<u>20,153</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>20,153</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 85,271,209</u>	<u>\$ 6,410</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

NOTE 1 – BASIS OF ACCOUNTING & PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is prepared using the accrual basis method of accounting. 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). Therefore, some of the amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related periodic federal financial reports.

NOTE 3 – LOANS OUTSTANDING

The federally-funded loans outstanding at December 31, 2020 consist of the following:

Program	Number	Balance
USDA Intermediary Relending Program	48111450	\$ 570,395

NOTE 4 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)

The CFDA numbers included in the accompanying Schedule of Expenditures of Federal Awards were determined based on the program name, review of the grant or contract information and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE 5 – INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF GRANT REVENUES AND EXPENDITURES –
LOCAL CONSERVATION CORPS GRANT PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

GRANT REVENUE

Grant revenue	\$ 969,741
	<hr/>
Total Grant Revenue	969,741
	<hr/>

EXPENSES

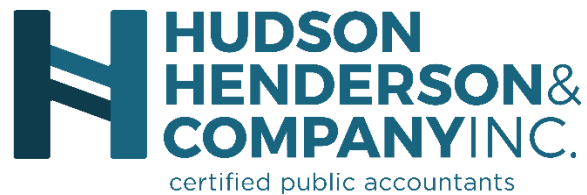
Salaries and related benefits	747,818
Professional	87,595
Rent	10,154
Repairs and maintenance	23,777
Security	60,132
Utilities	25,907
Fuel - oil and gas	20,701
Travel	2,709
Equipment rental	8,078
Computer	3,710
Office	12,797
Insurance	39,717
Conference fees (non-travel)	200
Dues - organizations	11,086
Outreach	634
Program	15,341
Staff training	8
Workshop supplies	698
Safety	6,428
	<hr/>

Total Expenses	1,077,490
	<hr/>

Net Grant Revenue (Expense)	\$ (107,749)
	<hr/>

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

OTHER INDEPENDENT AUDITORS' REPORTS



**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 of
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 financial statements of the Fresno Economic Opportunities Commission (the Organization), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Organization's financial statements, and have issued our report thereon dated February 9, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. During our audit we did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness: 2020-001.

Compliance and Other Matters

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

Organization's Response to Findings

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California
February 9, 2022



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

To the Board of Commissioners of
Fresno Economic Opportunities Commission

Report on Compliance for Each Major Federal Program

We have audited the Fresno Economic Opportunities Commission's (the Organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2020. The Organization'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 the Organization'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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization'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 the Organization's internal control over compliance.

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

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

Purpose of Report

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.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California
February 9, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE DEPARTMENT
OF RESOURCES RECYCLING AND RECOVERY GRANT AGREEMENT TERMS**

To the Board of Commissioners of
Fresno Economic Opportunities Commission

We have audited the financial statements of the Fresno Economic Opportunities Commission Local Conservation Corps (the Local Conservation Corps'), as of and for the year ended June 30, 2020 and have issued our report thereon dated February 9, 2022. Our firm has conducted an audit of the Fresno Economic Opportunities Commission Local Conservation Corps for the year ended June 30, 2020 in compliance with Terms and Conditions, Provision 31.

Our audit was conducted 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 Standards and Procedures for Audits of Local Conservation Corps Receiving Grant Funds from the Department of Resources Recycling and Recovery, issued by the Department of Resources Recycling and Recovery.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Local Conservation Corps' management is responsible for compliance with the laws and regulations of the Grant Agreement. In connection with the audit referred to above, we selected and tested transactions and records to determine the compliance of the laws and regulations of the Grant Agreement applicable to the following items.

Description	Number of Audit Procedures	Procedures Performed
Internal Control	10	Yes
Subcontractors	1	Yes
Competitive Bids	4	Yes
Conflict of Interest	2	Yes
Allowable and Reasonable Costs	6	Yes
Travel	2	Yes

Based on our audit we found that, for the items tested, the Fresno Economic Opportunities Commission Local Conservation Corps complied with the laws and regulations of the Grant Agreement of the items referred to above. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Local Conservation Corps had not complied with the laws and regulations of the Grant Agreement.

This report is intended solely for the information of the Local Conservation Corps Board of Commissioners and the Department of Resources Recycling and Recovery and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
February 9, 2022

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

FINDINGS AND RECOMMENDATIONS

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported
- Noncompliance material to federal awards? Yes X No
- Any audit findings disclosed that are required to be reported in accordance with 2CRF section 200.516(a)? Yes X No

Type of auditors’ report issued on compliance for major Federal programs: Unmodified

Identification of major programs:

<u>CFDA Number:</u>	<u>Name of Federal Program or Cluster</u>
96.600	Head Start
93.569	Community Services Block Grant
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish
Between Type A and Type B programs: \$2,558,136

Auditee qualified as a low-risk auditee? Yes X No

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

**Finding 2020-001 – Material Weakness
Financial Close & Reporting**

Condition:

During the audit of the Organization's financial statements, we identified material misstatements in the Organization's general ledger account balances which required material audit adjustments. These adjustments were noted in notes receivable/payable, accrued payroll, accrued revenues related to the accrued payroll, capitalized grant funded assets and associated depreciation, and unrealized gains for investments in balancing the general ledger and presentation of the financial statements.

Criteria:

In accordance with accounting principles generally accepted in the United States of America, adequate internal controls should be implemented to ensure that all assets, liabilities, revenues and expenses are properly recorded and reported. Furthermore, proper accounting principles should be applied to all financial closing accounts and processes, thus resulting in the proper presentation of all Organization activities and/or funds.

Cause:

Closing entries were posted in an effort to properly close the Organization's financial records, however it appears that adequate review was not performed in ensuring balances and transactions were properly recorded and reconciled as of year-end.

Effect:

Material adjustments were identified through audit procedures performed which resulted in adjustments to receivables, revenue, capital assets, depreciation, accrued expenses, notes payable and notes receivable to ensure proper presentation in accordance with generally accepted accounting standards.

Recommendation:

We recommend that the Organization continue to work on clarifying roles and responsibilities during the year-end closing process, enhancing the process to ensure that all accounting records are properly reflected in the financial statements prior to the commencement of the audit. We also recommend management implement further detective measures in fixing financial reporting errors during the financial closing process.

Management Response:

Fiscal year 2020, provided a number of challenges and changes including coronavirus, sheltering in place for eight months and several key staffing changes within Access Plus Capital and the Fresno EOC Finance Department. To assist businesses within the portfolio impacted by the coronavirus, Access Plus Capital leveraged local, state and federal government relief programs along with philanthropic grants for support loan deferment and payments. These relief programs required multiple revisions to payments and balances for the benefit of the client. This resulted in 1,157 businesses receiving \$11,750,000 in COVID19 relief in the form of forgivable loans and direct grants.

Both Access Plus Capital and Fresno EOC have instituted several leadership and financial changes to address these issues. In 2020, both Fresno EOC and Access Plus Capital hired new leadership, a chief financial officer and an executive director, respectively. As part of the newly executed operating and management agreement, Access Plus Capital will hire and/or supervise its own accounting and treasury staff to work with the Fresno EOC Finance Department to improve accuracy and the timeliness of revenue and expense recording. This work will be led by a new position, Director of Risk Management & Finance overseeing accounting and portfolio activities. Starting in 2021, lending activity payments will be tracked solely in Portfol, the loan management software reducing potential duplication with dual recording in Portfol and the general ledger.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

**Finding 2020-001 – Material Weakness
Financial Close & Reporting**

Management Response (continued):

Corrections have been made to resolve the challenges with year-end accounting by monitoring that year end accruals and other adjusting entries are recorded in a timely manner.

SECTION III – FEDERAL AWARD FINDINGS

There are no federal award findings to be reported in accordance with the Uniform Guidance.

**FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no prior year financial statement findings reported in accordance with *Government Auditing Standards*.

SECTION III – FEDERAL AWARD FINDINGS

Reference Number: 2019-001

Type of Finding: Significant Deficiency

Category of Finding: Equipment and Real Property Management

Federal Program Title(s) and CFDA Number(s): 93.600 – Head Start

Federal Agency: U.S. Department of Health and Human Services

Pass-Through: N/A

Award Number: 09CH010290-04-00

Award Year: 2020

Questioned Costs: \$0

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. 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.

Management Response & Corrective Action Plan:

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.

Current Year Status:

Corrected.



STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Reference Number: 2019-001

Type of Finding: Significant Deficiency

Category of Finding: Equipment and Real Property Management

Federal Program Title(s) and CFDA Number(s): 93.600 – Head Start

Federal Agency: U.S. Department of Health and Human Services

Pass-Through: N/A

Award Number: 09CH010290-04-00

Award Year: 2020

Questioned Costs: \$0

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. 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.

Management Response & Corrective Action Plan:

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.

Current Year Status:

Corrected.



February 11, 2022

To the Board of Commissioners of
Fresno Economic Opportunities Commission

We have audited the financial statements of Fresno Economic Opportunities Commission (the Organization) for the year ended December 31, 2020, and we issued our report thereon dated February 9, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the 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 February 11, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. No new accounting policies were adopted other than the adoption of ASU 2014-09 with no change to financial reporting, and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Organization 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the useful life of capital assets is based on prior knowledge of the life of capital assets. We evaluated the key factors and assumptions used to develop the useful life of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. We did incur delays in completing the audit, stemming from a transition year with this being the first of us performing the audit, change in financial management, and pending supporting documentation at times, all contributing to the issuance of the audit more than one year after year-end.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Misstatements of accrued payroll (\$1.6M), notes payable/receivable (\$750k), Grant revenue/AR (\$1.1M) and unrealized gain/loss (\$107k) detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on 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 February 9, 2022.

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 Organization'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 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 Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

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.

This information is intended solely for the use of the Board of Commissioners and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." The signature is written in a cursive, flowing style.

By: Brian Henderson, CPA

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION**

CHARTER SCHOOL NUMBER 0149

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
School of Unlimited Learning
Fresno Economic Opportunities Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the School of Unlimited Learning (the Organization), a project of the Fresno Economic Opportunities Commission, a nonprofit organization, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1, the financial statements present only the Organization's financial statements and do not present fairly the financial position of Fresno Economic Opportunities Commission as of June 30, 2021, the changes in financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in pages 12 through 19 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards (pages 20-21), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, which are in conformity with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of the Organization'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California
December 20, 2021

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

ASSETS

Current Assets

Cash and cash equivalents	\$ 300
Grants receivable	1,143,181
Interfund receivable	<u>605,858</u>
Total current assets	<u>1,749,339</u>

Noncurrent Assets

Property and equipment, net	<u>158,073</u>
Total noncurrent assets	<u>158,073</u>

Total assets	<u><u>\$ 1,907,412</u></u>
--------------	----------------------------

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 74,759
Accrued compensation and benefits	39,541
Deferred revenue	<u>180,725</u>
Total liabilities	<u>295,025</u>

Net Assets

Net assets with donor restrictions	100,000
Net assets without donor restrictions	<u>1,512,387</u>
Total net assets	<u>1,612,387</u>

Total Liabilities and Net Assets	<u><u>\$ 1,907,412</u></u>
----------------------------------	----------------------------

The accompanying notes are an integral part of these financial statements.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Local control funding formula	\$ 2,363,210	\$ -	\$ 2,363,210
Local revenue in lieu of property taxes	163,281	-	163,281
State lottery revenue	38,400	-	38,400
Federal title revenue	71,625	-	71,625
School nutrition program	5,500	-	5,500
Other state revenue	164,092	-	164,092
Community services block grant	176,285	-	176,285
Other income	4,670	-	4,670
	<u>2,987,063</u>	<u>-</u>	<u>2,987,063</u>
EXPENSES			
Program services	2,438,751	-	2,438,751
General and administrative	126,906	-	126,906
	<u>2,565,657</u>	<u>-</u>	<u>2,565,657</u>
Excess Revenues over Expenses	<u>421,406</u>	<u>-</u>	<u>421,406</u>
OTHER INCOME (EXPENSES)			
Depreciation of grant funded assets	(25,738)	-	(25,738)
	<u>(25,738)</u>	<u>-</u>	<u>(25,738)</u>
Changes in Net Assets	<u>395,668</u>	<u>-</u>	<u>395,668</u>
Net Assets at Beginning of Year	1,150,630	100,000	1,250,630
Prior Period Adjustment	(33,911)		(33,911)
Net Assets at Beginning of Year (Restated)	<u>1,116,719</u>	<u>100,000</u>	<u>1,216,719</u>
Net assets at End of Year	<u>\$ 1,512,387</u>	<u>\$ 100,000</u>	<u>\$ 1,612,387</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services	General and Administrative	Total Expenses
Expenses:			
Salaries	\$ 1,299,959	\$ -	\$ 1,299,959
Employee benefits	443,020	-	443,020
Books and supplies	46,179	-	46,179
Travel and conferences	14,235	-	14,235
Insurance	13,873	-	13,873
Rentals, leases, and repairs	107,165	-	107,165
Utilities	23,004	-	23,004
Noncapitalized equipment	115,060	-	115,060
Professional services and operating	375,716	-	375,716
Depreciation	540	-	540
Administrative expense	-	126,906	126,906
Total expenses	<u>\$ 2,438,751</u>	<u>\$ 126,906</u>	<u>\$ 2,565,657</u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

Cash Flows from Operating Activities	
Change in net assets	\$ 395,668
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	26,278
Changes in operating assets and liabilities:	
Grants receivable	(478,226)
Interfund receivable	(98,268)
Accounts payable	(16,144)
Accrued compensation and benefits	5,630
Deferred revenue	<u>180,725</u>
Net cash provided by operating activities	<u>15,663</u>
Cash Flows from Investing Activities:	
Purchase of equipment	<u>(15,663)</u>
Net cash used in investing activities	<u>(15,663)</u>
Increase (decrease) in cash and cash equivalents	-
Cash and Cash Equivalents, Beginning of Year	<u>300</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 300</u></u>

The accompanying notes are an integral part of these financial statements.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ACTIVITIES

Organization: The Fresno Economic Opportunities Commission (the FEOC) is a non-profit corporation incorporated in the State of California in 1965. The FEOC 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 FEOC'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.

The School of Unlimited Learning (the Organization) is a charter school that operates under Fresno Economic Opportunities Commission. The Organization is chartered under Fresno Unified School District. Consistent with the mission of Fresno Economic Opportunities Commission, the Organization's mission is to provide comprehensive learning experiences in a manner and environment that enables students to obtain the skills, knowledge, and motivation to be self-directed, life-long learners as they mature towards adult self-sufficiency. The Organization is a comprehensive high school comprised of a classroom-based program and independent study component. The academic program includes core classes, remedial classes, and CAHSEE intervention/review classes which prepare students for testing. In the spring of 2017, the Organization received a full program accreditation by the Western Association of Schools (WASC) for the maximum full six-year period until June 30, 2023. The Organization was granted a five-year charter renewal, effective July 1, 2018 through June 30, 2023.

The Organization operates a classroom-based program and independent study program. During the 2020-2021 school year, both the classroom-based program and independent study programs were located at 2336 Calaveras Street, Fresno, California 93721.

In addition to the program audit of the Organization contained herein, Fresno Economic Opportunities Commission is audited on an organization wide basis annually. Accordingly, the accompanying financial statements contain only the financial information and disclosures pertaining to the Organization as of and for the year ended June 30, 2021.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. Under Accounting Standard Codification (ASC) Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are the portion of net assets over which the governing board has discretionary control for the general operations of the Organization. The only limits on net assets without donor restrictions are limits resulting from contractual agreements.

Net assets with donor restrictions are the portion of net assets resulting from contribution, pledges, and other inflows of assets whose use by the Organization is limited by donor-imposed restrictions that expire by the passage of time or usage, and the portion of net assets restricted by external parties (donors, grantors, or laws and regulations) in ways that are not dependent on the passage of time.

Method of Accounting: The Organization uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: For purposes of reporting the Statement of Cash Flows, the Organization considers all cash accounts and all highly liquid debt instruments purchased with an original maturity of three (3) months or less to be cash equivalents.

Grants Receivable: Grants receivable consist of the amounts due from the State of California representing attendance apportionment. At June 30, 2021, management considered all grants receivable to be fully collectible and, therefore, no allowance against grants receivable was recorded in the accompanying financial statements.

Interfund Receivable: Interfund receivable consists of the amounts retained in the FEOC funds that are due to the Organization.

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 Organization funds are capitalized at cost and depreciated over the useful estimated lives of the asset ranging from 5 to 15 years 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.

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.

Compensated Absences: The Organization recognizes compensated absences as a liability. As of June 30, 2021, the accrued vacation balance was \$21,667, which is recorded within the accrued compensation and benefits on the Statement of Financial Position. Sick leave is not vested and, therefore, is not accrued.

Deferred Revenue: Deferred revenue includes unearned grant revenues and advanced grant funding. Both represent monies received by the Organization, but not yet spent, or earned in accordance with the grant agreements.

Contributions: Contributions consist primarily of amounts received from federal, state, and local agencies. The Organization recognizes all contributions when they are received or unconditionally promised, regardless of compliance with restrictions. Contributions without donor-imposed restrictions are reported as net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as net asset with donor restrictions. When the time or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions (continued): Conditional contributions and promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. As of June 30, 2021, there were no conditional contributions. Contributions to be received after one year are discounted at an appropriate rate commensurate with the anticipated cash flow and risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. As of June 30, 2021, the Organization did not have contributions to be received after one year.

Functional Expenses: The costs of the Organization's various activities have been summarized on a functional basis in the accompanying Statements of Activities and Functional Expenses. Expenses are allocated to program and supporting services based upon the purpose of each expenditure and service provided for each program.

Fundraising Expenses: Costs of acquiring or applying for a contract or grant are categorized as indirect expenses and not separately stated as fundraising expenses. Only direct fundraising expenses are recorded as fundraising (special events) expenses.

Income Taxes: FEOC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Corporate Code. The FEOC is subject to taxation on any unrelated business income.

Accounting principles generally accepted in the United States of America requires FEOC's management to evaluate tax positions taken by FEOC and recognize a tax liability (or asset) if FEOC has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. FEOC's management has analyzed the tax positions taken and has concluded that, as of June 30, 2021, there were no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. FEOC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

FEOC files tax forms in the U.S. federal jurisdiction and the State of California. FEOC is generally no longer subject to examination by these agencies for years before June 30, 2018.

Fair Value of Financial Instruments: Financial instruments include cash and cash equivalents, grants receivable, interfund receivable, accounts payable, accrued compensation and benefits, and deferred revenue, none of which are held for trading purposes. The fair values of all financial instruments do not differ materially from the aggregate carrying values of the financial instruments recorded in the accompanying Statement of Financial Position. The carrying amounts of these financial instruments approximate fair value because of the short-term maturities of those instruments.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in these financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through December 13, 2021, which is the date the financial statements were available to be issued.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash and cash equivalents and grants receivable. Cash balances are held by Fresno Economic Opportunities Commission in several bank accounts at different banks. Interest and non-interest bearing accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Concentrations of credit risk with respect to grants receivable are limited, as amounts are receivable from government agencies.

NOTE 4 – AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2021, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other considerations of non-liquid assets are donor restricted assets for specific expenditures.

Financial Assets:

Cash and cash equivalents	\$ 300
Grants receivable	1,143,181
Interfund receivable	<u>605,858</u>
Total financial assets	<u>1,749,339</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>100,000</u>
Financial assets not available to be used within one year	<u>100,000</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 1,649,339</u></u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions as of June 30, 2021, are related to funds designated by the Board for a special purpose or funds received with restrictions imposed on them by donors limiting their use to a specific purpose. Net assets with donor restrictions for the year ended June 30, 2021 are \$100,000.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO FINANCIAL STATEMENTS (continued)**

NOTE 6 – PROPERTY AND EQUIPMENT

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

	Balances June 30, 2020	Additions	Deletions and Adjustments	Balances June 30, 2021
Buildings and improvements	\$ 421,901	\$ -	\$ -	\$ 421,901
Equipment	106,503	15,663	-	122,166
Total	528,404	15,663	-	544,067
Less accumulated depreciation	(359,716)	(26,278)	-	(385,994)
Property and equipment, net	<u>\$ 168,688</u>	<u>\$ (10,615)</u>	<u>\$ -</u>	<u>\$ 158,073</u>

Depreciation expense for the year ended June 30, 2021 was \$25,738 for grant funded property and equipment, and \$540 for organization funded property and equipment.

NOTE 7 – PENSION PLAN

FEOC contributes to a defined contribution pension plan which covers substantially all employees of the Organization. Contributions are based on years of service and does not allow contributions to be made if programs sponsored by federal, state or local government does not allow for funding of such benefits. The amount contributed by the Organization for the year ended June 30, 2021 was \$60,681.

NOTE 8 – CONTINGENCIES

Coronavirus Pandemic: Management has determined the events regarding the Novel Coronavirus require disclosure in accordance with accounting standards. On March 4, 2020, Governor Newsom issued an emergency proclamation declaring a state of emergency in California due to the Novel Coronavirus (COVID-19). The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by the government authorities to contain the outbreak or treat its impact are uncertain. A vaccination has been created and is being administered throughout the State, including the Organization's service area. The ultimate impact of COVID-19 on the operations and finances of the Organization remains unknown.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$33,911 was recorded to properly restate the opening balances of the net assets without donor restrictions as of June 30, 2020. The adjustment was made to properly record the effect of the salary and vacation accrual for the prior period.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION**

SUPPLEMENTARY INFORMATION

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

The School of Unlimited Learning (SOUL) is a charter school that operates under the Fresno Economic Opportunities Commission (Fresno EOC). SOUL is chartered under the Fresno Unified School District. Consistent with the mission of Fresno EOC, SOUL's mission is to provide comprehensive learning experiences in a manner and environment that enables students to obtain the skills, knowledge and motivation to be self-directed, life-long learners as they mature towards self-sufficiency. SOUL is a comprehensive high school comprised of a classroom-based program and an independent study component. The academic program includes core classes, remedial classes, and career preparation classes. In the spring of 2017, SOUL received a full program accreditation by the Western Association of Schools (WASC) for the maximum full six-year period until June 30, 2023. SOUL was granted a five-year charter renewal, effective July 1, 2018 through June 30, 2023. By June 2018, nineteen of SOUL's core and elective courses were included on the University of California course approved list.

Due to COVID-19 protocols and current health conditions, delivery of in-person whole class instruction was not feasible during 2020-2021 school year. SOUL is continuing to prepare to bring students back to in-person classes as soon as it is safe to do so. SOUL will continue to align decision-making to public health experts at the state and county level and to orders and guidance provided by the California Governor.

SOUL plans on offering a hybrid program for the 2020-2021 school year which consists of an Independent Study program and small in-person elective courses. Both the Independent Study program and in-person elective classes are located at 2336 Calaveras St., Fresno, 93721. Total teacher staffing for the 2020-2021 school year includes 11 full-time, fully credentialed teachers. While SOUL is open to any student who wishes to enroll, most students who enroll are those who have not responded well to the traditional classroom settings and methods of instruction. Supportive services such as case management, mental health counseling, truancy prevention, social/emotional intervention, and career counseling, coupled with Fresno EOC agency-sponsored health care, child care, and employment and training services help to remove barriers to success. Success for Life counseling is available to students and parents. Parent training is available throughout the year, where parents have access to a variety of community resources.

During the 2020-2021 school year, SOUL will continue in its efforts to assess, review, and revise current curriculum and instructional practices to further improve student academic achievement and prepare students for post-secondary experiences despite the setbacks due to COVID-19.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
ORGANIZATIONAL STRUCTURE
FOR THE YEAR ENDED JUNE 30, 2021**

The School of Unlimited Learning Charter School (SOUL) was established on July 1, 1998 as a charter school under the granting authority of the Fresno Unified School District provided on March 26, 1998. The charter number authorized by the State is 10-62166-1030642-C149.

During the 2020-21 school year, there were no changes in the applicable boundaries.

Leadership is provided by the following individuals:

Emilia Reyes, Chief Executive Officer

Dr. Mark A. Wilson, Chief Academic Officer / Principal

SOUL's Governing Council Committee Appointments for 2021 were:

<i>VOTING MEMBERS</i>	<i>TARGET AREA OR TRI-PARTATE REPRESENTATIVE</i>	<i>EXPIRES</i>
ALLEN, MICHAEL	Community Representative	n/a
ALLEN, TERRY, ED.D.	Retired Teacher Representative	n/a
AVILA, EDWARD	EOC Commissioner	Dec 2022
AYALA, EZEQUEL	Alternative Student Representative	n/a
COUNTEE, JEROME	EOC Commissioner	Dec 2021
DAVIS, JEFF	Director, Employment and Training	n/a
FAILLA, RENA	Staff Representative	n/a
FLOREZ, CORINNE	Community Representative	n/a
GRIFFIN, COURTNEY	Staff Representative	n/a
HAIRSTON, SAM	Career	n/a
LUNA, REBECCA	Student Representative	n/a
METZLER, LARRY	Cultural Arts Rotary Interact Club	n/a
MORALES, MARIA AMARO	Parent Representative	n/a
PETROVICH, PhD, MICHAEL	Mental Health Representative	n/a
RIOJAS, CHUCK	Community Member	n/a
RODGERS, JIMI	Association of Black Social Workers	Dec 2021
STARKS, JEANNE	Chair, Law Enforcement, Juvenile Justice System	n/a
THOMAS, JANE	Director of EOC Health Services	n/a
TORRES, MANUELA	Student Representative	n/a
TURNER, JOSEPH	Teacher Representative	n/a
WASHINGTON, BENITA	FSU Social Worker Representative	n/a
WILSON, DR. MARK A.	Chief Academic Officer / Principal	n/a
VACANT	FCOE - Education Representative	n/a

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
ORGANIZATIONAL STRUCTURE (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

The governing board for Fresno Economic Opportunities Commission (Fresno EOC), under which SOUL operates, is comprised of the following members:

COMMISSIONER	TARGET AREA OR TRI-PARTATE REPRESENTATIVE	EXPIRES
ARAMBULA, AMY	31ST Assembly District	Dec 2022
AVILA, ED	Juvenile Court	Dec 2022
BAINES, OLIVER	16th Congressional District	Dec 2022
BONNER, ALYSIA	Target Area F	Dec 2022
BROWN-JENKINS, ZINA	Head Start County-Wide Policy Council	Dec 2022
CANDLER, LEROY	NAACP	Dec 2022
COUNTEE, JEROME	SCCCD	Dec 2021
DE JESUS PEREZ, FELIPE	Target Area A	Dec 2021
GARABEDIAN, JR., CHARLES	Board of Supervisors	Dec 2021
HAYES, LINDA R.	Target Area H	Dec 2022
HURTADO, JEWEL	Target Area C	Dec 2022
JAIME-MILEHAM, LUPE	Fresno County Superintendent of Schools	Dec 2022
KING, BRIAN	Mayor's Appointment	Dec 2021
LEON, REY	Target Area B	Dec 2022
MARTINEZ, DANIEL	Target Area D	Dec 2021
MARTINEZ, JAMES	Fresno Reel Pride	Dec 2021
MCCOY, BARIGYE	Board of Supervisors	Dec 2022
NICHOLS, LISA	Target Area E	Dec 2021
REYES, ANDREA	Fresno County Economic Development Corporation	Dec 2022
ROBLES, ITZI	SEFCEDA	Dec 2021
ROBLES, CATHERINE	Target Area G	Dec 2021
RODGERS, JIMI	Association of Black Social Workers	Dec 2021
VANG, MAIYER	Fresno Center for New Americans	Dec 2021
ZARATE, RUBEN	14th Senatorial District	Dec 2021

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF BUDGETARY COMPARISONS
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Revenue limit sources	\$ 2,240,435	\$ 2,240,435	\$ 2,526,491	\$ 286,056
Other federal revenue	124,705	124,705	77,125	(47,580)
Other state revenue	74,197	74,197	378,777	304,580
Other local revenue	13,000	13,000	4,670	(8,330)
Total Revenues	2,452,337	2,452,337	2,987,063	534,726
EXPENSES				
Certificated salaries	863,663	863,663	987,969	(124,306)
Classified salaries	389,812	389,812	311,990	77,822
Employee benefits	431,043	431,043	443,020	(11,977)
Books and supplies	62,000	62,000	168,130	(106,130)
Services, other operating	705,819	705,819	654,548	51,271
Total Expenses	2,452,337	2,452,337	2,565,657	(113,320)
Other income (expenses)	-	-	(25,738)	(25,738)
Change in Net Assets	<u>\$ -</u>	<u>\$ -</u>	395,668	<u>\$ 395,668</u>
Net Assets, Beginning of Year			1,250,630	
Prior Period Adjustment			(33,911)	
Net Assets, End of Year			<u>\$ 1,612,387</u>	

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Second Period Report</u>	<u>Annual Report</u>
Secondary		
Classroom-based	N/A	N/A
Independent study	<u>N/A</u>	<u>N/A</u>
Total	<u><u>N/A</u></u>	<u><u>N/A</u></u>

The Organization was not required to report attendance to FUSD for the 2020/2021 school year, therefore no P1, P2, or annual report.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2021**

Grade Level	Actual Minutes	Minimum Instructional Minutes Required	Number of Days Traditional Calendar	Status
9th Grade	N/A	N/A	N/A	N/A
10th Grade	N/A	N/A	N/A	N/A
11th Grade	N/A	N/A	N/A	N/A
12th Grade	N/A	N/A	N/A	N/A

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
Support and Revenues	\$ 2,298,671	\$ 2,796,697	2,987,063
Expenditures	(2,198,671)	(2,267,845)	(2,565,657)
Other Income/(Expenses)	<u>(23,128)</u>	<u>(23,127)</u>	<u>(25,738)</u>
Change in Net Assets	76,872	505,725	395,668
Net assets, Beginning of Year	668,033	744,905	1,250,630
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>(33,911)</u>
Net Assets, End of Year	<u>\$ 744,905</u>	<u>\$ 1,250,630</u>	<u>\$ 1,612,387</u>
Average Daily Attendance at P-2	<u>151.38</u>	<u>178.65</u>	<u>N/A</u>

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

	Unaudited Actual	Audited Actual
Total revenue and other support	\$ 2,867,495	\$ 2,987,063
Total expenditures	(2,410,313)	(2,565,657)
Other income/(expenses)	<u>-</u>	<u>(25,738)</u>
Change in net assets	457,182	395,668
Beginning net assets	1,250,630	1,250,630
Prior period adjustment	<u>-</u>	<u>(33,911)</u>
Ending net assets	<u><u>\$ 1,707,812</u></u>	<u><u>\$ 1,612,387</u></u>

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION**

ADDITIONAL SUPPLEMENTARY INFORMATION

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Federal CFDA Number	Grant/Agreement Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass through California State Department of Education: Child and Adult Care Food Program	10.558	10-62166-1030642-01	\$ 5,500	\$ -
Total Department of Agriculture			<u>5,500</u>	<u>-</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed through Fresno Unified School District:				
Title I, Part A Grants to Local Educational Agencies	84.010	S010A180005	60,472	-
Title II, Part A Improving Teacher Quality State Grants	84.367	S367A180005	4,852	-
Title IV, Part A Student Support and Academic Enrichment	84.424	S424A180005	6,301	-
Education Stabilization Fund	84.425	S425D200016	<u>12,272</u>	<u>-</u>
Total Department of Education			<u>83,897</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through California State Department of Community Services and Development:				
Community Services Block Grant	93.569	20F-3010	17,161	
Community Services Block Grant	93.569	20F-3649	<u>159,124</u>	<u>-</u>
Total Department of Health and Human Services			<u>176,285</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 265,682</u></u>	<u><u>\$ -</u></u>

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – BASIS OF ACCOUNTING & PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of School of Unlimited Learning (the Organization), a project of Fresno Economic Opportunities Commission, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – INDIRECT COST RATE LIMITATION

The Organization does not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA)

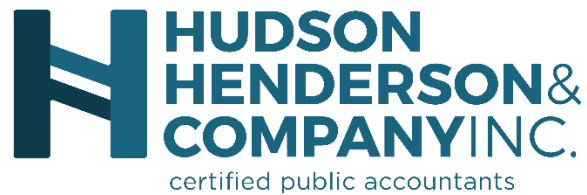
The CFDA numbers included in the accompanying Schedule of Expenditures of Federal Awards were determined based on the program name, review of the grant or contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE 4 – PASS-THROUGH ENTITY IDENTIFYING NUMBERS

When Federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards show, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the Organization has either determined that no identifying number is assigned for the program or the Organization was unable to obtain an identifying number from the pass-through entity.

NOTE 5 – SUBRECIPIENTS

The Organization had no federal expenditures as presented in the Schedule of Expenditures of Federal Awards that were provided to subrecipients.



**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 of
School of Unlimited Learning
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 financial statements of the School of Unlimited Learning (the Organization), a project of the Fresno Economic Opportunities Commission, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's financial statements, and have issued our report thereon dated December 20, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. During our audit we did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness: 2021-001.

Compliance and Other Matters

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

Organization's Response to Findings

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

HUDSON HENDERSON & COMPANY, INC.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." in a cursive script.

Fresno, California
December 20, 2021



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

To the Board of Commissioners of
School of Unlimited Learning
Fresno Economic Opportunities Commission

Report on State Compliance

We have audited the School of Unlimited Learning's (the Organization), a project of the Fresno Economic Opportunities Commission, compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (K-12 Audit Guide), issued by the California Education Audit Appeals Panel that could have a direct and material effect on the Organization's state programs identified below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of the laws and regulations applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on the Organization's compliance with the requirements referred to above based on our audit. 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 State of California's *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards and the K-12 Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above that could have a direct and material effect on the statutory requirements listed below. An audit includes examining, on a test basis, evidence about the Organization'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. However, our audit does not provide a legal determination of the Organization's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Organization's compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
California Clean Energy Jobs Act	No (see below)
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Yes
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Charter School Facility Grant Program	No (see below)

We did not test California Clean Energy Jobs Act or Charter School Facility Grant Program because the Organization did not receive any funding from these sources for the year ended June 30, 2021.

Opinion on State Compliance

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the state program for the year ended June 30, 2021. Further, based on our examination, for items not tested, nothing came to our attention to indicate the Organization had not complied with the state laws and regulations.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
December 20, 2021

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION**

FINDINGS AND QUESTIONED COSTS

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting

- | | | | | | |
|---|---|-------|-----|-------|----|
| • | Material weakness identified? | X | Yes | _____ | No |
| • | Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ | Yes | X | No |

Noncompliance material to financial statements noted?	_____	Yes	X	No
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**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2021**

SECTION II – FINANCIAL STATEMENT FINDINGS

**Finding 2021-001 – Material Weakness
Financial Close & Reporting**

Condition:

During the audit of the Organization's financial statements, we identified material misstatements in the Organization's general ledger account balances which required material audit adjustments. These adjustments were noted in accrued compensation and benefits for the accrual of wages and compensated absences at year end.

Criteria:

In accordance with accounting principles generally accepted in the United States of America, adequate internal controls should be implemented to ensure that all assets, liabilities, revenues and expenses are properly recorded and reported. Furthermore, proper accounting principles should be applied to all financial closing accounts and processes, thus resulting in the proper presentation of all Organization activities and/or funds.

Cause:

The Organization lacked proper closing procedures and adequate review processes to ensure all account balances and transactions were properly recorded and reconciled at year-end.

Effect:

Material adjustments were identified through audit procedures performed which resulted in adjustments to accrued compensation and benefits to ensure proper presentation in accordance with generally accepted accounting standards.

Recommendation:

We recommend that the Organization continue to work on clarifying roles and responsibilities during the year-end closing process, enhancing the process to ensure that all accounting records are properly reflected in the financial statements prior to the commencement of the audit.

Management Response:

Fiscal year 2021 provided a number of challenges and changes including coronavirus, sheltering in place, and several key staffing changes within the Fresno EOC Finance Department.

Fresno EOC has instituted several leadership and financial changes to address these issues. Fresno EOC hired new leadership, a chief financial officer and an executive director, respectively.

SECTION III – FEDERAL AND STATE AWARD FINDINGS

There are no federal or state award findings to be reported in accordance with the K-12 Audit Guide.

**SCHOOL OF UNLIMITED LEARNING
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no prior year financial statement findings.

SECTION III – FEDERAL AND STATE AWARD FINDINGS

There were no prior year federal or state award findings.