Audit Committee Meeting

August 17, 2023 at 12:00 p.m.

Fresno EOC Board Room

1920 Mariposa Street, Suite 310

Fresno, CA, 93721

Join By Zoom:

https://fresnoeoc.zoom.us/meeting/register/tZIkd-GpqzMiE9H-Cdu5BUPBuOzfljDC2E02

AUDIT COMMITTEE MEETING AGENDA

AUGUST 17, 2023 AT 12:00 PM

1. CALL TO ORDER

2. ROLL CALL

3. APPROVAL OF APRIL 3, 2023 MINUTES — Approve

4. AUDITED FINANCIAL STATEMENTS — Accept

5. AUDIT COMMITTEE CHARTER — Approve

6. OTHER BUSINESS

Next meeting: Thursday, November 2, 2023 at 12:00 p.m.

7. 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).

8. ADJOURNMENT

Fresno Economic Opportunities Commission

Audit Committee Meeting
Monthly Attendance Record
2023

	January	1-Feb	22-Mar	3-Apr	May	June	July	17-Aug	Sept.	Oct.	2-Nov	Dec.	**Attended**
Daniel Martinez		Postpone	Postpone	X									**0/3**
David Ruiz				O									**1/3**
Ruben Zarate				O									**1/3**
Brian King				X									**0/3**
Lupe Jaime-Mileham				T									**1/3**
Daniel Parrra				T									**1/3**

O-Present X-Absent T-Teleconference

AUDIT COMMITTEE MEETING
April 3, 2023
12:00 PM

MINUTES

1. **<u>CALL TO ORDER</u>**
   Linda Hayes, Board Chair, called the meeting to order at 12:10 P.M.

2. **<u>ROLL CALL</u>**
   Present: Linda Hayes, David Ruiz, Ruben Zarate,
   Teleconference: Lupe Jaime-Mileham, Daniel Parra
   Absent: Daniel Martinez, Brian King

3. **<u>APPROVAL OF JUNE 1, 2022 MINUTES MINUTES</u>**
   Public Comment: None heard.

   Motion by: Parra **Second by:** Zarate
   Ayes: Linda Hayes, David Ruiz, Ruben Zarate, Lupe Jaime-Mileham, Daniel Parra
   Nayes: None heard

4. **FINANCIAL AUDIT REPORTS**
   <u>Brian Henderson, CPA, of Hudson Henderson & Company Inc. provided an overview of the consolidated financial statements and independents auditor's report.</u>

   <u>Jay Zapata, interim Chief Financial Officer, shared with the Committee Members a revised Audit schedule will be developed and presented to ensure future Audit Reports are completed on time.</u>

   Public Comment: None heard.

   Motion by: Zarrate **Second by:** Parra
   Ayes: Linda Hayes, David Ruiz, Ruben Zarate, Lupe Jaime-Mileham, Daniel Parra
   Nayes: None heard

5. **<u>AUDIT COMMITTEE CHARTER</u>**

   <u>This item is being tabled to allow the Committee Chair to review and provide feedback prior to approval.</u>

6. **<u>OTHER BUSINESS</u>**
   Next meeting: Thursday, August 17, 2023 at 12:00 p.m.

   <u>The Audit Committee members and Auditors are recommending to meet sooner than August. Staff will be reaching out to the Committee members for availability once the next audit report is ready to be presented.</u>

7. **<u>PUBLIC COMMENTS</u>**
   Public Comment: None heard.

   No action required.

8. ADJOURNMENT

Hayes adjourned the meeting at 12:50P.M.

Respectfully submitted,

Chair Hayes, Chair

AUDIT COMMITTEE MEETING

Date: August 17, 2023	**Program:** Internal Audit
Agenda Item #: 4	**Director:** N/A
Subject: Audit Financial Statements	**Officer:** Jay Zapata

Recommended Action

Staff recommends Committee acceptance for full Board consideration of the Fresno EOC program-specific audits as prepared by Hudson Henderson & Company Inc.

Background

Attached are four Fresno EOC program-specific audits as required by the funder for review. Kip Hudson, CPA, Hudson Henderson & Company Inc will present the audits and respond to questions.

A. State Child Care Program 2021-2022 Audit

B. Urban CTSA 2021-2022 Audit

C. Rural CTSA 2021-2022 Audit

D. 401(a) Pension Plan 2021 Audit

E. 403(b) Retirement Plan 2021 Audit

Fiscal Impact

Program audits are a funding requirement. Failure to complete the program audits would result in non-compliance and jeopardize program funding.

Conclusion

If accepted by the Committee, this item will move forward for full Board consideration at the August 30, 2023 Board Meeting.

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2022

TABLE OF CONTENTS

HUDSON
HENDERSON&
COMPANY INC.
certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Fresno Economic Opportunities Commission

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Fresno Economic Opportunities Commission's State Child Care Programs (the Organization), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Fresno Economic Opportunities Commission's State Child Care Programs' financial statements and do no present fairly the financial position of the Fresno Economic Opportunities Commission as a whole as of June 30, 2022, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary 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 13 through 33 is presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, 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 CDE Audit Guide issued by the California Department of Education, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 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.

Hudson Henderson & Company, Inc.

Fresno, California
December 15, 2022

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS	
Current assets	
Cash and cash equivalents	$ 92,235
Interfund receivable	441,135
Total current assets	533,370
Noncurrent assets	
Property and equipment, net	-
Total noncurrent assets	-
Total Assets	$ 533,370
LIABILITIES AND NET ASSETS (DEFICIT)	
Liabilities	
Current liabilities	
Due to California Department of Education	$ 244,313
Accrued compensation and benefits	44,276
Deferred revenue	188,128
Child care reserve fund	92,235
Total current liabilities	568,952
Total liabilities	568,952
Net Assets (Deficit)	
Net assets with donor restrictions	-
Net assets without donor restrictions	(35,582)
Total net assets (deficit)	(35,582)
Total Liabilities and Net Assets (Deficit)	$ 533,370

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

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Child development funding	$ 1,061,848	$ -	$ 1,061,848
Child care food program	-	12,907	12,907
Dept of Education - other	-	1,435	1,435
	1,061,848	14,342	1,076,190
Net assets released from restrictions:			
Satisfaction of program use restrictions	14,342	(14,342)	-
Total Revenues and Support	1,076,190	-	1,076,190
EXPENSES			
Program services	991,752	-	991,752
General and administrative	87,876	-	87,876
Total Expenses	1,079,628	-	1,079,628
Change in Net Assets	(3,438)	-	(3,438)
Net Assets at Beginning of Year	(32,144)	-	(32,144)
Net Assets (Deficit) at End of Year	$ (35,582)	$ -	$ (35,582)

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

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	General and Administrative	Total Expenses
Expenses:			
Salaries	$ 591,862	$ -	$ 591,862
Employee benefits	254,823	-	254,823
Books and supplies	38,256	-	38,256
Other operating expenses	106,811	-	106,811
Administrative expense	-	87,876	87,876
Total expenses	$ 991,752	$ 87,876	$ 1,079,628

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

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities		
Change in net assets	$	(3,438)
Adjustment to reconcile changes in net assets to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities:		
Interfund receivable		(219,743)
Due to California Department of Education		80,299
Accrued compensation and benefits		8,754
Deferred revenue		134,128
Child care reserve fund		(68,898)
Net cash provided (used) by operating activities		(68,898)
Increase (decrease) in cash and cash equivalents		(68,898)
Cash and Cash Equivalents, Beginning of Year		161,133
Cash and Cash Equivalents, End of Year	$	92,235

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

STATE CHILD CARE PROGRAMS
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.

FEOC administers one state funded childcare program, referred to as the State Child Care Program (the Organization). The State Preschool Program provides an educational program for low-income, disadvantaged 3-4 year old children. This program provides a safe environment for children while their parents are working, going to school, or are in training. This program provides experiences for children which will influence their total development and serves children's physical, social, emotional, and cognitive needs. The Organization's staff work towards designing an environment that will foster school and community values while being sensitive to the individual needs and preferences of the child and his or her family. The Organization serves subsidized and low-income families, based on income and number of family members. The Organization operated eight preschool locations in Fresno County.

In addition to the program audit of the Organization contained herein, the FEOC is audited on an organizational wide basis annually. Accordingly, the accompanying financial statements contain only the financial information and disclosures pertaining to the Organization as of June 30, 2022.

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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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.

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, 2022, the accrued vacation balance was $26,487, 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 revenue. It represents money received by the Organization, but not yet spent, or earned in accordance with 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.

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, 2022, 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, 2022, the Organization did not have contributions to be received after one year.

The Organization follows the guidance of FASB ASU 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and the accounting guidance for contributions received and contributions made, whether as a contribution or an exchange transaction, and whether a contribution is conditional. The Organization has implemented this ASU in these financial statements accordingly.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions (continued): In May 2014, FASB issued ASU No. 2014-09 (Topic 606), *Revenue from Contracts with Customers*. The update is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS and to establish the principles to report useful information to users of the financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The Organization has implemented this ASU in these financial statements accordingly.

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.

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, 2022, 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, 2019.

Fair Value of Financial Instruments: Financial instruments include cash and cash equivalents, interfund receivable, due to CDE, accrued compensation and benefits, deferred revenue, and the child care reserve fund, 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 15, 2022, which is the date the financial statements were available to be issued.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentration of credit risk consist of cash and cash equivalents. 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.

NOTE 4 – AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2022, 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.

Financial Assets:	
Cash and cash equivalents	$ 92,235
Interfund receivable	441,135
Other receivable	-
Total financial assets	533,370
Less amounts unavailable for general expenses within one year due to:	
Child care reserve fund	92,235
Total amounts unavailable for general expenses	92,235
Total financial assets available for general expenses within one year	$ 441,135

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022:

	Balances June 30, 2021	Additions	Deletions and Adjustments	Balances June 30, 2022
Buildings and improvements	$ 130,000	$ -	$ -	$ 130,000
Equipment	6,900	-	-	6,900
Total	136,900	-	-	136,900
Less accumulated depreciation	(136,900)	-	-	(136,900)
Property and equipment, net	$ -	$ -	$ -	$ -

Depreciation expense for the year ended June 30, 2022 was $0 for grant funded and non-grant funded property and equipment.

NOTE 6 – CHILD CARE RESERVE FUND

The funding agreements with the California Department of Education (CDE) allow the Organization to record deferred revenue for the amounts earned during the current year based on enrollment and attendance. The reserve is presented as a liability for financial statement purposes and is not included in the current year revenue until spent. As of June 30, 2022, the Organization's reserve balance is $92,235.

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 such benefits. The amount contributed by the Organization for the year ended June 30, 2022 was $30,958.

NOTE 8 – CONTINGENCIES

Coronavirus Pandemic: Management has determined the events regarding the Novel Coronavirus (COVID-19) 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 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.

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION

SUPPLEMENTARY INFORMATION

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Grantor/Pass Through Grantor/Program Title	Federal CFDA No.	Pass-Through Grantor's Number	Awards	Expenditures	Expenditures to Subrecipients
FEDERAL					
U.S. DEPARTMENT OF AGRICULTURE					
Passed through California State Department of Education					
Child and Adult Care Food Program	10.558	10-2229-2C	$ 16,308	$ 12,907	$ -
TOTAL U.S. DEPARTMENT OF AGRICULTURE			16,308	12,907	-
TOTAL FEDERAL AWARDS AND EXPENDITURES			$ 16,308	$ 12,907	$ -
STATE					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through California State Department of Education					
California State Preschool	-	CSPP-1074	$ 1,117,747	$ 1,063,784	$ -
QRIS Block Grant			86,175	1,435	-
CRRSA Stipends (Assembly Bill 82-CRRSA and Assembly Bill 131-ARPA)	93.575	PCA 15555	45,754	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,249,676	1,065,219	-
TOTAL STATE AWARDS AND EXPENDITURES			$ 1,249,676	$ 1,065,219	$ -

The accompany notes to the Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

NOTE 1 – BASIS OF ACCOUNTING & PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Fresno Economic Opportunity Commission's State Child Care Programs (the Organization) 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 of the 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

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.

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	CSPP-1074 State Preschool Program	Unrestricted Other Income	Total
Revenues and Support			
Child development funding	$ 1,061,848	$ -	$ 1,061,848
Child care food program	12,907	-	12,907
Dept of Education - other	-	1,435	1,435
Total Revenues and Support	1,074,755	1,435	1,076,190
Expenses			
Salaries	591,733	110	591,843
Employee benefits	254,842	-	254,842
Books and supplies	35,710	2,383	38,093
Other operating expenses	106,529	445	106,974
General, administrative, and indirect expenses	87,876	-	87,876
Total Expenses	1,076,690	2,938	1,079,628
Change in Net Assets	(1,935)	(1,503)	(3,438)
Net Assets at Beginning of Year	-	(32,144)	(32,144)
Net Assets (Deficit) at End of Year	$ (1,935)	$ (33,647)	$ (35,582)

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2022

	CSPP-1074 State Preschool Program	Total CDE Funds
Expenditures		
1000 - Certificated salaries	$ 591,733	$ 591,733
2000 - Classified salaries	-	-
3000 - Employee benefits	254,842	254,842
4000 - Books and supplies	35,710	35,710
5000 - Services and other operating expenses	106,529	106,529
Indirect costs	87,876	87,876
Total Expenses Claimed for Reimbursement	$ 1,076,690	$ 1,076,690

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
RECONCILIATION OF STATE CHILD CARE PROGRAMS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2022

Total FEOC expenses for the year ended December 31, 2021		$ 128,888,722
Less: expenses for programs unrelated to Child Development Fund		(127,726,887)
Total child development expenses for the year ended December 31, 2021		
State preschool	$ 1,096,952	
Supplemental	64,883	1,161,835
Less: child development expenses - January 1, 2021 to June 30, 2021		
State preschool	(530,991)	
Supplemental	(64,883)	(595,874)
Add: child development expenses - January 1, 2022 to June 30, 2022		
State preschool	510,729	
Supplemental	2,938	513,667
Total child development expenses - July 1, 2021 to June 30, 2022		
State preschool	1,076,690	
Supplemental	2,938	
		$ 1,079,628

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
RECONCILIATION OF CDE AND GAAP EXPENSE REPORTING
FOR THE YEAR ENDED JUNE 30, 2022

	CSPP-1074 State Preschool Program	Total
Schedule of Expenditures by State Categories	$ 1,076,690	$ 1,076,690
Combining Statement of Activities	$ 1,076,690	$ 1,076,690

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2022

	CSPP-1074 State Preschool Program	Total
Capitalized equipment expended on the AUD with prior written approval		
None	$ -	$ -
Subtotal	-	-
Capitalized equipment expended on the AUD without prior written approval		
None	-	-
Subtotal	-	-
Total	$ -	$ -

Note: Fresno Economic Opportunities Commission's capitalization threshold is $5,000.

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF CLAIMED EXPENDITURES FOR RENOVATIONS AND REPAIRS
FOR THE YEAR ENDED JUNE 30, 2022

	CSPP-1074 State Preschool Program	Total
Unit costs under $10,000 per item		
None	$ -	$ -
Total	$ -	$ -
Unit costs $10,000 or more per item with prior written approval		
None	$ -	$ -
Total	$ -	$ -
Unit costs $10,000 or more per item without prior written approval		
None	$ -	$ -
Total	$ -	$ -

Note: Fresno Economic Opportunities Commission's capitalization threshold is $5,000.

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF CLAIMED ADMINISTRATIVE COSTS
FOR THE YEAR ENDED JUNE 30, 2022

	CSPP-1074 State Preschool Program	Total
Reimbursable Administrative Costs		
Indirect costs	$ 87,876	$ 87,876
Professional services	11,290	11,290
Total	$ 99,166	$ 99,166

NOTE 1 – INTEREST EXPENSE

In accordance with the applicable requirements from the Funding Terms & Conditions, interest expense is only allowable as a reimbursement cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense relating to the operating expense was claimed as a reimbursable expense for the year ended June 30, 2022. No interest expense relating to the line of credit was claimed to a child development contract for the year ended June 30, 2022.

NOTE 2 – RELATED PARTY RENT

In accordance with the applicable requirements from the Funding Terms & Conditions, all expenses claimed for reimbursement under a related party transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. Related party rent expense claimed as reimbursement expense for the year ended June 30, 2022 was $0. The fair market rental estimate supports reimbursable expenses up to $0.

NOTE 3 – BAD DEBT EXPENSE

In accordance with the applicable requirements from the Funding Terms & Conditions bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2022.

Contractor Name: **Fresno County Economic Opportunities Commission**

Contract Number: CSPP-1074
Fiscal Year Ended: June 30, 2022
Vendor Code: J067

California Department of Education
Audited Enrollment, Attendance and Fiscal Report for California State Preschool Program

Section 1 – Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form 1): **1**

Number of counties where the agency provided mental health consultation services to certified children (Form 2): **0**

Number of counties where the agency provided services to non-certified children (Form 3): **0**

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **0**

Total enrollment and attendance forms to attach: **2**

Note: For each of the above categories, submit one July-December form and one form for each service county for January-June.

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	20,907		20,907	19,118.5424
Total Certified Days of Enrollment with Mental Health Consultation Services			0	
Days of Attendance (including MHCS)	20,785		20,785	N/A
Total Non-Certified Days of Enrollment			0	
Total Non-Certified Days of Enrollment with Mental Health Consultation Services			0	

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	242		242	N/A

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	12,907		12,907
County Maintenance of Effort (EC Section 8279)			0
Other:			0
Other:			0
TOTAL RESTRICTED INCOME	**12,907**	**0**	**12,907**

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Reserve	108,788		108,788

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children			0
Interest Earned on Child Development Apportionment Payments	3,207	(3,207)	0
Fees for Non-Certified Children			0
Unrestricted Income: Head Start			0
Other:			0
Other:			0

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
1000 Certificated Salaries	591,733		591,733
2000 Classified Salaries			0
3000 Employee Benefits	254,842		254,842
4000 Books and Supplies	35,710		35,710
5000 Services and Other Operating Expenses	106,529		106,529
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)	87,877	(1)	87,876
TOTAL REIMBURSABLE EXPENSES	**1,076,691**	**(1)**	**1,076,690**

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)? ☑ Yes ☐ No

Approved Indirect Cost Rate: 8.89 %

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	99,166		99,166
Total Staff Training Cost (included in Reimbursable Expenses)			0

☐ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

Section 5 - Supplemental Funding

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other: QRIS Funding	0	1,435	1,435
Other:			0
TOTAL SUPPLEMENTAL REVENUE	**0**	**1,435**	**1,435**

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	0	1,435	1,435
5000 Services and Other Operating Expenses			0
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Non-Reimbursable Supplemental Expenses			0
TOTAL SUPPLEMENTAL EXPENSES	**0**	**1,435**	**1,435**

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	20,907	0	20,907
Days of Operation	242	0	242
Days of Attendance (including MHCS)	20,785	0	20,785
Total Certified Adjusted Days of Enrollment	N/A	N/A	19,118.5424
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	12,907	0	12,907
Transfer from Reserve	108,788	0	108,788
Interest Earned on Apportionment Payments	3,207	(3,207)	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	1,076,691	(1)	1,076,690
Total Administrative Cost	99,166	0	99,166
Total Staff Training Cost	0	0	0
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Section 7 – Auditor's Assurances

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO): ☑ Yes ☐ No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO): ☑ Yes ☐ No

Section 8 – Comments

Include any comments in the comment box. If necessary, attach additional sheets to explain adjustments.

Contractor Name: **Fresno County Economic Opportunities Commission** **Contract Number: J067**

California State Preschool Program – Form 1A
Certified Children Days of Enrollment and Attendance from July 2021 – December 2021

Pilot Program: **None**

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time	3,412		3,412	1.0000	3,412.0000
Three Years and Older Three-quarters-time	21		21	0.7500	15.7500
Three Years and Older One-half-time	1,954		1,954	0.6193	1,210.1122
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time	841		841	1.5400	1,295.1400
Exceptional Needs Three-quarters-time			0	1.1550	0.0000
Exceptional Needs One-half-time	313		313	0.9537	298.5081
Limited and Non-English Proficient Full-time-plus			0	1.2980	0.0000
Limited and Non-English Proficient Full-time	1,128		1,128	1.1000	1,240.8000
Limited and Non-English Proficient Three-quarters-time			0	0.8250	0.0000
Limited and Non-English Proficient One-half-time	1,266		1,266	0.6193	784.0338

Contractor Name: Fresno County Economic Opportunities Commission **Contract Number: J067**

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Three-quarters-time			0	0.8250	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6193	0.0000
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled Three-quarters-time			0	1.4475	0.0000
Severely Disabled One-half-time			0	1.1952	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	**8,935**	**0**	**8,935**	N/A	**8,256.3441**

Attendance	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	**8,935**		**8,935**	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

Contractor Name: Fresno County Economic Opportunities Commission **Contract Number: J067**

California State Preschool Program – Form 1B
Certified Children Days of Enrollment and Attendance from January 2022 – June 2022

Service County: Fresno

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time	4,595		4,595	1.0000	4,595.0000
Three Years and Older One-half-time	2,781		2,781	0.6193	1,722.2733
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time	908		908	1.5400	1,398.3200
Exceptional Needs One-half-time	432		432	0.9537	411.9984
Dual Language Learner Full-time-plus			0	1.2980	0.0000
Dual Language Learner Full-time	1,494		1,494	1.1000	1,643.4000
Dual Language Learner One-half-time	1,762		1,762	0.6193	1,091.2066
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6193	0.0000

Contractor Name: Fresno County Economic Opportunities Commission **Contract Number: J067**

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled One-half-time			0	1.1952	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	**11,972**	**0**	**11,972**	N/A	**10,862.1983**

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	**11,850**		**11,850**	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

California Department of Education
Audited Preschool Reserve Account Activity Report

Fiscal Year Ending: June 30, 2022
Vendor Code: J067

Contractor Name: Fresno County Economic Opportunities Commission

Section 1 – Prior Year Reserve Account Activity

1. Beginning Balance (2020–21 AUD 9530A Ending Balance): 250,282
2. Plus Transfers to Reserve Account:

2020–21 Contract No.	Per 2020–21 Post-Audit CDFS 9530
CSPP1074	36,683
Total Transferred from 2020–21 Contracts	**36,683**

3. Less Excess Reserve to be Billed: 89,149
4. 2020–21 CDFS 9530 Reserve Balance After Billing: 197,816

Section 2 – Current Year Reserve Account Activity

5. Plus Interest Earned This Year on Reserve:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Interest Earned	3,207		3,207

6. Less Transfers to Contracts from Reserve:

2021–22 Contract No.	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
CSPP1074	108,788		108,788
			0
			0
Total Transferred to Contracts	**108,788**	**0**	**108,788**

7. Ending Balance:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Ending Balance on June 30, 2022	92,235	0	92,235

COMMENTS – If necessary, attach additional sheets to explain adjustments.

HUDSON
HENDERSON&
COMPANY INC.
certified public accountants

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

To the Board of Commissioners 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 Fresno Economic Opportunities Commission's State Child Care Programs (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-001.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. the Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Hudson Henderson & Company, Inc.

Fresno, California
December 15, 2022

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION

FINDINGS AND QUESTIONED COSTS

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting				
• Material weakness identified?	______	Yes	X	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

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported in accordance with *Government Auditing Standards*.

SECTION III – FEDERAL AND STATE AWARDS FINDINGS

Finding 2022-001 - Noncompliance
Expense Allocation

Condition:
Our tests of compliance over nonpayroll identified the following instances of noncompliance with expense allocation requirements: one expense was not allocated properly between the Head Start program and the California State Preschool Program. The total invoice was charged to the California State Preschool Program. Upon inquiry, management confirmed that the expense should have been allocated between Head Start and the California State Preschool Program.

Criteria:
The California Department of Education Audit Guide and the Funding Terms and Conditions and CSPP Program Requirements for allocating expenses.

Cause:
The invoice was not properly allocated between the programs during review.

Effect:
Expense reported to the CDE was overstated by $27. The expense was excluded from the reimbursable expenses as presented in the Schedule of Expenditures by State Categories and AUD schedules.

Recommendation:
We recommend the Organization to review the allocation of the invoices during the review process and to record the adjustment for proper allocation on a timely basis.

Management Response:
Fiscal year 2022 provided several 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 focus on these issues. Fresno EOC hired new leadership, a finance director, and an internal audit director.

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 and for amounts due to the California Department of Education accrued 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 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 and accrued amounts due to the California Department of Education 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.

Current Year Status:
Implemented

STATE CHILD CARE PROGRAMS
FRESNO ECONOMIC OPPORTUNITIES COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION III – FEDERAL AND STATE AWARDS FINDINGS

Finding 2021-002 - Noncompliance
Program Income

Condition:
Our tests of compliance over attendance and program income identified the following instances of non-compliance with program income requirements: there was a discrepancy in quarter 4 attendance reporting where 190 of the May 2021 attendance from the Franklin site was omitted from the quarterly report, and nutrition income reported to the CDE was overstated and the correct nutrition income was not properly reported. Using the CNIPS report, total nutrition income was calculated as $14,729. Noted the amount reported to the CDE was $17,568, and the amount recorded in the general ledger was $16,938. Upon inquiry, client confirmed that the correct amount reported should have been $14,729.

Criteria:
The California Department of Education Audit Guide and the Funding Terms and Conditions and CSPP Program Requirements for the contract outline the specific program income, attendance reporting and income reporting requirements to receive nutrition income.

Cause:
Staff shortages and difficulties adjusting to changes caused by the COVID-19 pandemic resulted to attendance and income reporting that was not reconciled against attendance records and financial information as recorded in the general ledger.

Effect:
Attendance was underreported to the CDE for the fourth quarter, and annual nutrition income as reported was overstated.

Recommendation:
We recommend the Organization obtain copies of the Audit Guide, Funding Terms and Conditions, and CSPP Program Requirement documents and implement a stronger review process to ensure that attendance and income numbers reported for the nutrition program are accurate and in compliance.

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.

Current Year Status:
Implemented

FRESNO ECONOMIC
OPPORTUNITIES COMMISSION

URBAN CONSOLIDATED TRANSPORTATION
SERVICE AGENCY

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021

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HUDSON HENDERSON & COMPANY INC.
certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the
Fresno Economic Opportunities Commission

Opinions

We have audited the accompanying financial statements of Fresno Economic Opportunities Commission's Urban Consolidated Transportation Service Agency (the Agency), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Reporting Required by *Government Auditing Standards* and the Transportation Development Act

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters as it relates to the Transportation Development Act Funds. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance as it relates to the Transportation Development Act Funds. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance as it relates to the Transportation Development Act Funds.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
June 30, 2023

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
URBAN CONSOLIDATED TRANSPORTATION AGENCY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	(Restated) 2021
ASSETS		
Current Assets		
Accounts receivable	$ 581,602	$ 241,453
Interfund receivable	536,213	1,781,266
Deposits	38,802	38,802
Total Current Assets	1,156,617	2,061,521
Noncurrent Assets		
Property and equipment, net	1,354,215	1,548,900
Total Noncurrent Assets	1,354,215	1,548,900
Total Assets	$ 2,510,832	$ 3,610,421
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued compensation and benefits	$ 266,265	$ 163,069
Interfund payable	-	151,312
Refundable advances	667,236	1,524,025
Total Liabilities	933,501	1,838,406
Net Assets		
Net assets with donor restrictions	-	-
Net assets without donor restrictions	1,577,331	1,772,015
Total Net Assets	1,577,331	1,772,015
Total Liabilities and Net Assets	$ 2,510,832	$ 3,610,421

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
URBAN CONSOLIDATED TRANSPORTATION AGENCY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
REVENUES AND SUPPORT			
Special transit fares	$ -	$ 1,664,505	$ 1,664,505
School bus service revenues	-	957,807	957,807
Local transportation fund	-	1,529,985	1,529,985
Non-transportation revenue	-	-	-
Net assets released from restrictions			
Satisfaction of acquisition restrictions	4,152,297	(4,152,297)	-
Total Revenues and Support	4,152,297	-	4,152,297
EXPENSES			
Program services	3,924,096	-	3,924,096
General and administrative	230,708	-	230,708
Total Expenses	4,154,804	-	4,154,804
Excess Revenues over Expenses	(2,507)	-	(2,507)
OTHER INCOME (EXPENSES)			
Depreciation of grant funded assets	(192,177)	-	(192,177)
Total Other Income (Expenses)	(192,177)	-	(192,177)
Change in Net Assets	(194,684)	-	(194,684)
Net Assets at Beginning of Year	1,772,015	-	1,772,015
Net Assets at End of Year	$ 1,577,331	$ -	$ 1,577,331

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
URBAN CONSOLIDATED TRANSPORTATION AGENCY
STATEMENTS OF ACTIVITIES (continued)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	(Restated) Year Ended June 30, 2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
REVENUES AND SUPPORT			
Special transit fares	$ -	$ 1,576,635	$ 1,576,635
School bus service revenues	-	821,902	821,902
Local transportation fund	-	-	-
Non-transportation revenue	-	569	569
Net assets released from restrictions			
Satisfaction of acquisition restrictions	2,399,106	(2,399,106)	-
Total Revenues and Support	2,399,106	-	2,399,106
EXPENSES			
Program services	2,216,676	-	2,216,676
General and administrative	84,979	-	84,979
Total Expenses	2,301,655	-	2,301,655
Excess Revenues over Expenses	97,451	-	97,451
OTHER INCOME (EXPENSES)			
Depreciation of grant funded assets	(245,298)	-	(245,298)
Total Other Income (Expenses)	(245,298)	-	(245,298)
Change in Net Assets	(147,847)	-	(147,847)
Net Assets at Beginning of Year	1,919,862	-	1,919,862
Net Assets at End of Year	$ 1,772,015	$ -	$ 1,772,015

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
URBAN CONSOLIDATED TRANSPORTATION AGENCY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2022		
	Program Services	**General and Administrative**	**Total Expenses**
Expenses:			
Labor	$ 1,971,510	$ -	$ 1,971,510
Fringe benefits	661,348	-	661,348
Services	627,503	-	627,503
Materials and supplies	418,285	-	418,285
Utilities	57,855	-	57,855
Insurance	147,341	-	147,341
Miscellaneous expenses	25,869	-	25,869
Leases and rentals	14,385	-	14,385
Administrative expense	-	230,708	230,708
Total Expenses	$ 3,924,096	$ 230,708	$ 4,154,804

	Year Ended June 30, 2021		
	Program Services	**General and Administrative**	**Total Expenses**
Expenses:			
Labor	$ 1,074,077	$ -	$ 1,074,077
Fringe benefits	475,636	-	475,636
Services	305,942	-	305,942
Materials and supplies	188,894	-	188,894
Utilities	48,171	-	48,171
Insurance	90,468	-	90,468
Miscellaneous expenses	11,554	-	11,554
Leases and rentals	21,934	-	21,934
Administrative expense	-	84,979	84,979
Total Expenses	$ 2,216,676	$ 84,979	$ 2,301,655

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
URBAN CONSOLIDATED TRANSPORTATION AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2022	(Restated) Year Ended June 30, 2021
Cash Flows from Operating Activities		
Change in net assets	$ (194,684)	$ (147,847)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	192,177	245,298
Change in operating assets and liabilities:		
Accounts receivable	(340,149)	432,975
Interfund receivable	1,096,249	(1,772,683)
Deposits	-	(38,802)
Accrued compensation and benefits	103,196	5,339
Interfund payable	-	151,312
Refundable advances	(856,789)	1,124,408
Net cash provided by operating activities	-	-
Cash and Cash Equivalents, Beginning of Year	-	-
Cash and Cash Equivalents, End of Year	$ -	$ -

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
URBAN CONSOLIDATED TRANSPORTATION AGENCY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: Fresno Economic Opportunities Commission (the "Agency") is a California non-profit organization formed in August 1965. The Agency is a local community human services agency that provides assistance to economically and socially disadvantaged persons in the Fresno County region through various types of health and welfare services and programs. The majority of the Agency's funding is supported by grants from federal, state, and local governments, with additional sources of revenues from fees for services, in-kind and donor contributions.

The Agency formed the Consolidated Transportation Service Agency ("CTSA") for the purpose of serving the transportation needs of Metropolitan and rural Fresno County. The Agency, as co-designate with the City of Fresno, is the lead social service agency in administering the CTSA operations for the Fresno Metropolitan Area.

The CTSA is a program component of the Agency and was established to operate and administer various federal and state grant programs related to transportation services. In addition to the program audit of the CTSA contained herein, the Agency is audited on an organizational wide basis annually. Accordingly, the accompanying financial statements contain only the financial information and disclosures pertaining to the CTSA program. The Rural CTSA program has been reported separately.

As of July 1, 2021, the Board of Commissioners of the Fresno Economic Opportunities Commission authorized the Urban Consolidated Transportation Service Agency to become a transit operator under the Fresno Area Express (FAX) program, which consolidated the Agency's public transportation services and FAX's public transportation services into one regionalized public transportation agency. This consolidation is effective as of July 1, 2021, and as a result the Agency is no longer considered a direct TDA claimant. For the year ended June 30, 2022 and for future years FAX will directly receive TDA funding, which is then allocated to the various operators under the FAX transportation system, including the Agency.

Basis of Accounting: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (ASU) 2016-14, Topic 958, Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities. Under ASU Topic 958, the Agency 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 Agency. 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 contributions, pledges, and other inflows of assets whose use by the Agency 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 Agency uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents: For purposes of reporting the Statements of Cash Flows, the Agency 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. Restricted cash and cash equivalents, when applicable, consists of donations received designated for a specific use but not yet expended.

Accounts Receivable: Accounts receivable are amounts due from various agencies and entities for services performed under fee for service contracts. Management considers all amounts to be fully collectible, and therefore no allowance for doubtful accounts related to accounts or grants receivables have been recorded in the accompanying financial statements.

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

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

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

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

In the event of a contract termination, certain funding sources require title to property and equipment 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.

The estimated useful lives for the various types of assets are as follows:

Equipment	5 - 15 years

Interfund Payable: Certain costs are incurred by the Agency during the current period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The Agency's Interfund Payable balances were $0 and $151,312 as of June 30, 2022 and 2021.

Refundable Advances: Transportation Development Act ("TDA") Local Transportation Funds received but not expended in the program year are deferred and carried forward to the subsequent year. Interest earned on carryover funds is included as current year revenues on the Statements of Activities.

Support and Revenue: The Agency receives support primarily through contributions received from various donors. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other temporarily or permanently restricted donor support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

The Agency follows the recommendations of FASB ASU 2018-18, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Under this FASB ASU, the Agency accounts for contributions received and contributions made, whether as a contribution or an exchange transaction, and whether a contribution is conditional.

The Agency follows the guidance of FASB ASU No. 2014-09 (Topic 606), *Revenue from Contracts with Customers*. The update is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS and to establish the principles to report useful information to users of the financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The Agency follows this ASU in recording contract revenues.

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

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Income Taxes: The Agency 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 Agency is subject to taxation on any unrelated business income.

Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Expenses are charged to programs and supporting services on the basis of program costs. Supporting services costs include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Agency.

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 the financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through June 30, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment activity for the years ended June 30, 2022 and 2021 were as follows:

	2022	(restated) 2021
Buildings and improvements	$ 2,361,513	$ 2,361,513
Equipment	4,068,460	4,190,398
Total	6,429,973	6,551,911
Less accumulated depreciation	5,075,758	5,003,011
Property and equipment, net	$ 1,354,215	$ 1,548,900

Depreciation expense for the years ended June 30, 2022 and 2021 were $192,177 and $245,298, respectively. Depreciation expense includes general depreciation charged to programs, as presented within the miscellaneous expenses on the Statements of Functional Expenses, and depreciation of grant funded assets, as presented on the Statements of Activities.

NOTE 3 – RETIREMENT PLAN

The Agency contributes to a defined contribution retirement plan which covers substantially all employees of the Agency. Generally, the Agency contributes an amount equal to five percent (5%) of the compensation earned by each eligible employee. Employer contributions are vested immediately. Annual contributions are disclosed in the Agency's organization-wide audit.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Agency's liquidity and availability of financial assets are reported on the Agency's annual audit. Urban CTSA's financial assets available for general expenditures within one year of the Statements of Financial Position date primarily consists of accounts receivable and interfund receivable.

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS

Section 6633: Pursuant to Section 6633.2 of the California Administrative Code, the Agency is required to meet a passenger fare revenue recovery ratio of 55% for urban fixed services.

The ratios for the fiscal years ended June 30, 2022 and 2021 are 63.15% and 104.21% respectively. The Agency's passenger fare recovery ratio for the rural services with fixed routes is as follows for the fiscal years ended June 30, 2022 and 2021, respectively:

	2022	(restated) 2021
Allowable TDA Fare Revenues:		
Special Transit Fares	$ 1,664,505	$ 1,576,635
School Bus Revenue	957,807	821,902
Fare Revenue	$ 2,622,312	$ 2,398,537
Total Operating Expenses	$ 4,346,981	$ 2,546,953
Allowable TDA Adjustments:		
Depreciation	(194,684)	(245,298)
Net Operating Expenses	$ 4,152,297	$ 2,301,655
Fare Revenue Ratio	63.15%	104.21%
Ratio of Local Support Revenues to Operating Costs Minus Exclusions	63.74%	113.66%

NOTE 6 – REFUNDABLE ADVANCES

Refundable advances of the Agency for the year ended June 30, 2022 is as follows:

	2022		
	Operations	Capital	Total
Amount approved and allocated by Fresno Council of Governments (4.5 LTF Funds)	$ 673,196	$ -	$ 673,196
Carryover available	1,524,025	-	1,524,025
Total allocation	2,197,221	-	2,197,221
Net reimbursable costs submitted by the Agency Urban CTSA	1,529,985	-	1,529,985
Net amount disbursed during the year	1,529,985	-	1,529,985
Amount available for carryover	$ 667,236	$ -	$ 667,236

Refundable advances of the Agency for the year ended June 30, 2021 is as follows:

	2021		
	Operations	Capital	Total
Amount approved and allocated by Fresno Council of Governments (4.5 LTF Funds)	$ 1,124,408	$ -	$ 1,124,408
Carryover available	557,347	-	557,347
Prior period adjustment	(157,730)	-	(157,730)
Total allocation	1,524,025	-	1,524,025
Net reimbursable costs submitted by the Agency Urban CTSA	-	-	-
Net amount disbursed during the year	-	-	-
Amount available for carryover	$ 1,524,025	$ -	$ 1,524,025

NOTE 7 – ECONOMIC DEPENDENCY

The TDA Fund of the Agency received a significant amount of its funding from one source, by Section 99400(a) of the Public Utilities Code. The total amount of funding received from the Public Utilities Code was $1,529,985 and $0, or 24.36% and 0%, of the total funding for the years ending June 30, 2022 and 2021, respectively. The TDA Fund of the Agency is thus subject to possible risk of reductions in services and/or closure due to potential future changes of Section 99400(a) of the Public Utilities Code.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Coronavirus Pandemic: Management has determined the events regarding the Novel Coronavirus (COVID-19) 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 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 action that may be taken by the governmental authorities to contain the outbreak or to treat its impact are uncertain. A vaccination has been created and is being administered throughout the state, including the Agency's service area. The ultimate impact of COVID-19 on the operations and finances of the Agency is unknown.

NOTE 9 – PRIOR PERIOD RESTATEMENT

A prior period restatement of $18,446 was recorded to properly restate the ending balance of the accumulated depreciation as of June 30, 2021. This adjustment also resulted in a decrease to depreciation of grant funded assets expenses of $18,446. The adjustment was made to correct the accumulated depreciation and depreciation expense balances for the prior period. The adjustment increased net assets and increased the total change in net assets for the year ended June 30, 2021. The restatement was an adjustment to assets and expenses as of June 30, 2021.

HUDSON HENDERSON & COMPANY INC.
certified public accountants

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

To the Board of Commissioners of the
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's Urban Consolidated Transportation Service Agency (the Agency) , which comprise the statements of financial position, and the related statements of activities, functional expenses, and cash flows of as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, and have issued our report thereon dated June 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

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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* or the Transportation Development Act.

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 Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Transportation Development Act in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
June 30, 2023

FRESNO ECONOMIC
OPPORTUNITIES COMMISSION

URBAN CONSOLIDATED TRANSPORTATION
SERVICE AGENCY

FINDINGS AND QUESTIONED COSTS

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
URBAN CONSOLIDATED TRANSPORTATION AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting				
• Material weakness identified?		Yes	X	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

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported in accordance with *Government Auditing Standards.*

SECTION III – FEDERAL AND STATE AWARD FINDINGS

There are no federal or state award findings to be reported in accordance with the Transportation Development Act Audit Guide.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
URBAN CONSOLIDATED TRANSPORTATION AGENCY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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 Agency's financial statements, we identified material misstatements in the Agency'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, as well as adjustments in the refundable advances and revenue balances.

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 Agency activities and/or funds.

Cause:
The Agency 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, refundable advances and revenue balances to ensure proper presentation in accordance with generally accepted accounting standards.

Recommendation:
We recommend that the Agency 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.

Current Year Status:
Implemented.

SECTION III – FEDERAL AND STATE AWARD FINDINGS

There are no federal or state award findings to be reported in accordance with the Transportation Development Act Audit Guide.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

RURAL CONSOLIDATED TRANSPORTATION SERVICE AGENCY

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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HUDSON HENDERSON & COMPANY INC.
certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the
Fresno Economic Opportunities Commission

Opinions

We have audited the accompanying financial statements of Fresno Economic Opportunities Commission's Rural Consolidated Transportation Service Agency (the Agency), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Reporting Required by *Government Auditing Standards* and the Transportation Development Act

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters as it relates to the Transportation Development Act Funds. The purpose of that report is solely to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance as it relates to the Transportation Development Act Funds. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance as it relates to the Transportation Development Act Funds.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
June 30, 2023

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
RURAL CONSOLIDATED TRANSPORTATION AGENCY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets		
Accounts receivable	$ 459,646	$ 642,097
Total Current Assets	459,646	642,097
Noncurrent Assets		
Property and equipment, net	10,657	18,783
Total Noncurrent Assets	10,657	18,783
Total Assets	$ 470,303	$ 660,880
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued compensation and benefits	$ 77,419	$ 75,763
Interfund payable	13,406	116,903
Refundable advances	379,887	460,497
Total Liabilities	470,712	653,163
Net Assets		
Net assets with donor restrictions	(409)	7,717
Net assets without donor restrictions	-	-
Total Net Assets	(409)	7,717
Total Liabilities and Net Assets	$ 470,303	$ 660,880

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
RURAL CONSOLIDATED TRANSPORTATION AGENCY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
REVENUES AND SUPPORT			
Special transit fares	$ -	$ 557,146	$ 557,146
School bus service revenues	-	436,553	436,553
Local transportation fund	-	557,470	557,470
Net assets released from restrictions			
Satisfaction of acquisition restrictions	1,559,295	(1,559,295)	-
Total Revenues and Support	1,559,295	(8,126)	1,551,169
EXPENSES			
Program services	1,478,032	-	1,478,032
General and administrative	73,137	-	73,137
Total Expenses	1,551,169	-	1,551,169
Excess Revenues over Expenses	8,126	(8,126)	-
OTHER INCOME (EXPENSES)			
Depreciation of grant funded assets	(8,126)	-	(8,126)
Total Other Income (Expenses)	(8,126)	-	(8,126)
Change in Net Assets	-	(8,126)	(8,126)
Net Assets at Beginning of Year	-	7,717	7,717
Net Assets at End of Year	$ -	$ (409)	$ (409)

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
RURAL CONSOLIDATED TRANSPORTATION AGENCY
STATEMENTS OF ACTIVITIES (continued)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Special transit fares	$ -	$ 578,437	$ 578,437
School bus service revenues	-	296,388	296,388
Local transportation fund	-	129,728	129,728
Net assets released from restrictions			
Satisfaction of acquisition restrictions	1,069,971	(1,069,971)	-
Total Revenues and Support	1,069,971	(65,418)	1,004,553
EXPENSES			
Program services	973,068	-	973,068
General and administrative	31,894	-	31,894
Total Expenses	1,004,962	-	1,004,962
Excess Revenues over Expenses	65,009	(65,418)	(409)
OTHER INCOME (EXPENSES)			
Depreciation of grant funded assets	(65,009)	-	(65,009)
Total Other Income (Expenses)	(65,009)	-	(65,009)
Change in Net Assets	-	(65,418)	(65,418)
Net Assets at Beginning of Year	-	73,135	73,135
Net Assets at End of Year	$ -	$ 7,717	$ 7,717

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
RURAL CONSOLIDATED TRANSPORTATION AGENCY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2022		
	Program Services	**General and Administrative**	**Total Expenses**
Expenses:			
Labor	$ 610,436	$ -	$ 610,436
Fringe benefits	202,742	-	202,742
Services	362,295	-	362,295
Materials and supplies	198,488	-	198,488
Utilities	21,664	-	21,664
Insurance	67,317	-	67,317
Miscellaneous expenses	9,105	-	9,105
Leases and rentals	5,985	-	5,985
Administrative expense	-	73,137	73,137
Total Expenses	$ 1,478,032	$ 73,137	$ 1,551,169

	Year Ended June 30, 2021		
	Program Services	**General and Administrative**	**Total Expenses**
Expenses:			
Labor	$ 350,125	$ -	$ 350,125
Fringe benefits	141,341	-	141,341
Services	118,337	-	118,337
Materials and supplies	87,065	-	87,065
Utilities	18,889	-	18,889
Insurance	46,508	-	46,508
Purchased transportation	200,000	-	200,000
Miscellaneous expenses	6,237	-	6,237
Leases and rentals	4,566	-	4,566
Administrative expense	-	31,894	31,894
Total Expenses	$ 973,068	$ 31,894	$ 1,004,962

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
RURAL CONSOLIDATED TRANSPORTATION AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2022	Year Ended June 30, 2021
Cash Flows from Operating Activities		
Change in net assets	$ (8,126)	$ (65,418)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	8,126	65,009
Change in operating assets and liabilities:		
Accounts receivable	182,451	(89,792)
Accounts payable	-	-
Accrued compensation and benefits	1,656	2,266
Interfund payable	(103,497)	(358,407)
Refundable advances	(80,610)	446,342
Net cash provided by operating activities	-	-
Cash and Cash Equivalents, Beginning of Year	-	-
Cash and Cash Equivalents, End of Year	$ -	$ -

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

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: Fresno Economic Opportunities Commission (the "Agency") is a California non-profit organization formed in August 1965. The Agency is a local community human services agency that provides assistance to economically and socially disadvantaged persons in the Fresno County region through various types of health and welfare services and programs. The majority of the Agency's funding is supported by grants from federal, state, and local governments, with additional sources of revenues from fees for services, in-kind and donor contributions.

The Agency formed the Consolidated Transportation Service Agency ("CTSA") for the purpose of serving the transportation needs of Metropolitan and Rural Fresno County. The Agency, as co-designate with the Fresno County Rural Transit Agency ("FCRTA"), is the lead social service agency in administering the CTSA operations for the Rural Fresno County Area.

The CTSA is a program component of the Agency and was established to operate and administer various federal and state grant programs related to transportation services. In addition to the program audit of the CTSA contained herein, the Agency is audited on an organizational wide basis annually. Accordingly, the accompanying financial statements contain only the financial information and disclosures pertaining to the CTSA program. The Urban CTSA program has been reported separately.

As of July 1, 2021, the Board of Commissioners of the Fresno Economic Opportunities Commission authorized the Rural Consolidated Transportation Service Agency to become a transit operator under the Fresno Area Express (FAX) program, which consolidated the Agency's public transportation services and FAX's public transportation services into one regionalized public transportation agency. This consolidation is effective as of July 1, 2021, and as a result the Agency is no longer considered a direct TDA claimant. For the year ended June 30, 2022 and for future years FAX will directly receive TDA funding which is then allocated to the various operators under the FAX transportation system, including the Agency.

Basis of Accounting: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (ASU) 2016-14, Topic 958, Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities. Under ASU Topic 958, the Agency 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 Agency. 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 contributions, pledges, and other inflows of assets whose use by the Agency 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 Agency uses the accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents: For purposes of reporting the Statements of Cash Flows, the Agency 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. Restricted cash and cash equivalents, when applicable, consists of donations received designated for a specific use but not yet expended.

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

Accounts Receivable: Accounts receivable are amounts due from various agencies and entities for services performed under fee for service contracts. Management considers all amounts to be fully collectible, and therefore no allowance for doubtful accounts related to accounts or grants receivables have been recorded in the accompanying financial statements.

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

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

Property and equipment purchased with grant funds are depreciated using the straight-line method over the estimated useful life of the assets. Depreciation of these assets is charged against grant funded assets in the Statements of Activities. In the event of a contract termination, certain funding sources require title to property and equipment 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.

The estimated useful lives for the various types of assets are as follows:

Equipment	5 - 15 years

Interfund Payable: Certain costs are incurred by the Agency during the current period but are not paid until after the beginning of the next fiscal period. These costs are reported as payables in the financial statements. The Agency's Interfund Payable balances were $13,406 and $116,903 as of June 30, 2022 and 2021, respectively.

Refundable Advances: Transportation Development Act ("TDA") Local Transportation Funds received but not expended in the program year are deferred and carried forward to the subsequent year. Interest earned on carryover funds is included as current year revenues on the Statements of Activities.

Support and Revenue: The Agency receives support primarily through contributions received from various donors. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other temporarily or permanently restricted donor support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

The Agency follows the recommendations of FASB ASU 2018-18, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Under this FASB ASU, the Agency accounts for contributions received and contributions made, whether as a contribution or an exchange transaction, and whether a contribution is conditional.

The Agency follows the guidance of FASB ASU No. 2014-09 (Topic 606), *Revenue from Contracts with Customers*. The update is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and IFRS and to establish the principles to report useful information to users of the financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The Agency follows this ASU in recording contract revenues.

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

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Income Taxes: The Agency 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 Agency is subject to taxation on any unrelated business income.

Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Expenses are charged to programs and supporting services on the basis of program costs. Supporting services costs include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Agency.

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 the financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through June 30, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment activity for the years ended June 30, 2022 and 2021 were as follows:

	2022	2021
Equipment	$ 868,442	$ 868,442
Total	868,442	868,442
Less accumulated depreciation	857,785	849,659
Property and equipment, net	$ 10,657	$ 18,783

Depreciation expense for the years ended June 30, 2022 and 2021 were $8,126 and $65,009, respectively. Depreciation expense includes general depreciation charged to programs, as presented within the miscellaneous expenses on the Statements of Functional Expenses, and depreciation of grant funded assets, as presented on the Statements of Activities.

NOTE 3 – RETIREMENT PLAN

The Agency contributes to a defined contribution retirement plan which covers substantially all employees of the Agency. Generally, the Agency contributes an amount equal to five percent (5%) of the compensation earned by each eligible employee. Employer contributions are vested immediately. Annual contributions are disclosed in the Agency's organization-wide audit.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Agency's liquidity and availability of financial assets are reported on the Agency's annual audit. Rural CTSA's financial assets available for general expenditures within one year of the Statements of Financial Position date consists of accounts receivable.

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT REQUIREMENTS

Section 6633: Pursuant to Section 6633.2 of the California Administrative Code, the Agency is required to meet a passenger fare revenue recovery ratio of 55% for rural fixed services.

The ratios for the fiscal years ended June 30, 2022 and 2021 are 64.06% and 87.09% respectively. The Agency's passenger fare recovery ratio for the rural services with fixed routes is as follows for the fiscal years ended June 30, 2022 and 2021, respectively:

	2022	2021
Allowable TDA Fare Reveunes:		
Special Transit Fares	$ 557,146	$ 578,437
School Bus Revenue	436,553	296,388
Fare Revenue	$ 993,699	$ 874,825
Total Operating Expenses	$ 1,559,295	$ 1,069,971
Allowable TDA Adjustments:		
Depreciation	(8,126)	(65,009)
Net Operating Expenses	$ 1,551,169	$ 1,004,962
Fare Revenue Ratio	64.06%	87.05%
Ratio of Local Support Revenues to Operating Costs Minus Exclusions	66.86%	89.94%

NOTE 6 – REFUNDABLE ADVANCES

Refundable advances of the Agency for the year ended June 30, 2022 is as follows:

	2022		
	Operations	Capital	Total
Amount approved and allocated by Fresno Council of Governments (4.5 LTF Funds)	$ 476,860	$ -	$ 476,860
Carryover available	460,497	-	460,497
Total allocation	937,357	-	937,357
Net reimbursable costs submitted by the Agency Rural CTSA	557,470	-	557,470
Net amount disbursed during the year	557,470	-	557,470
Amount available for carryover	$ 379,887	$ -	$ 379,887

Refundable advances of the Agency for the year ended June 30, 2021 is as follows:

	2021		
	Operations	Capital	Total
Amount approved and allocated by Fresno Council of Governments (4.5 LTF Funds)	$ 576,070	$ -	$ 576,070
Carryover available	87,652	-	87,652
Prior period adjustment	(73,497)	-	(73,497)
Total allocation	590,225	-	590,225
Net reimbursable costs submitted by the Agency Rural CTSA	129,728	-	129,728
Net amount disbursed during the year	129,728	-	129,728
Amount available for carryover	$ 460,497	$ -	$ 460,497

NOTE 7 – ECONOMIC DEPENDENCY

The TDA Fund of the Agency received a significant amount of its funding from one source, by Section 99400(a) of the Public Utilities Code. The total amount of funding received from the Public Utilities Code was $557,470 and $129,728, or 40.29% and 12.91%, of the total funding for the years ending June 30, 2022 and 2021, respectively. The Agency is thus subject to possible risk of reductions in services and/or closure due to potential future changes of Section 99400(a) of the Public Utilities Code.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Coronavirus Pandemic: Management has determined the events regarding the Novel Coronavirus (COVID-19) 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 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 action that may be taken by the governmental authorities to contain the outbreak or to treat its impact are uncertain. A vaccination has been created and is being administered throughout the state, including the Agency's service area. The ultimate impact of COVID-19 on the operations and finances of the Agency is unknown.

HUDSON HENDERSON & COMPANY INC.
certified public accountants

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

To the Board of Commissioners of the
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's Rural Consolidated Transportation Service Agency (the Agency), which comprise the statements of financial position as of and for the years ended June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

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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* or the Transportation Development Act.

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 Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Transportation Development Act in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
June 30, 2023

FRESNO ECONOMIC
OPPORTUNITIES COMMISSION

RURAL CONSOLIDATED TRANSPORTATION
SERVICE AGENCY

FINDINGS AND QUESTIONED COSTS

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
RURAL CONSOLIDATED TRANSPORTATION AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting				
• Material weakness identified?	______	Yes	X	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

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no financial statements findings to be reported in accordance with *Government Auditing Standards*.

SECTION III – FEDERAL AND STATE AWARD FINDINGS

There are no federal or state award findings to be reported in accordance with the Transportation Development Act Audit Guide.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION
RURAL CONSOLIDATED TRANSPORTATION AGENCY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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 Agency's financial statements, we identified material misstatements in the Agency'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, as well as adjustments in the refundable advances and revenue balances.

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 Agency activities and/or funds.

Cause:
The Agency 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, refundable advances and revenue balances to ensure proper presentation in accordance with generally accepted accounting standards.

Recommendation:
We recommend that the Agency 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.

Current Year Status:
Implemented.

SECTION III – FEDERAL AND STATE AWARD FINDINGS

There are no federal or state award findings to be reported in accordance with the Transportation Development Act Audit Guide.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION PENSION PLAN

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULE

FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

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HUDSON HENDERSON & COMPANY INC.
certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Pension Committee
of the Fresno Economic Opportunities Commission

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit

We have performed an audit of the accompanying financial statements of the Fresno Economic Opportunities Commission Pension Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) [ERISA Section 103(a)(3)(C) audit]. The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audit of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audit and on the procedures performed as described in the Auditors' Responsibilities for the Audit of the Financial Statements section—

- the amounts and disclosures in the financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

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Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' Responsibilities for the Audit of the Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

Supplemental Schedule Required by ERISA

The supplemental schedule of Schedule H, Line 4i – Schedule of Assets (Held at End of Year) is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. 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 included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to 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 generally accepted auditing standards. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion—

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
August 11, 2023

HUDSON HENDERSON & COMPANY INC.
certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Pension Committee
of the Fresno Economic Opportunities Commission 403(b) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Fresno Economic Opportunities Commission 403(b) Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2020, and the related statement of changes in net assets available for benefits 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 statement 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 statement that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the 2020 financial statement based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by State Street Bank and Trust Company, the custodian of the Plan, except for comparing the information with the related information included in the financial statement. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the custodian as of and for the year ended December 31, 2020, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2020 financial statement. Accordingly, we do not express an opinion on the 2020 financial statement.

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Report on Form and Content in Compliance With DOL Rules and Regulations for 2020 Financial Statement

The form and content of the information included in the 2020 financial statement, other than that derived from the information certified by the asset custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
August 11, 2023

FRESNO ECONOMIC OPPORTUNITIES COMMISSION PENSION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Investments:		
Investments at fair value	$ 41,413,056	$ 39,484,822
Investments at contract value	528,094	563,917
Total investments	41,941,150	40,048,739
Receivables:		
Employer contributions	1,457	69,947
Total receivables	1,457	69,947
Total assets	41,942,607	40,118,686
LIABILITIES		
None	-	-
Total liabilities	-	-
Net Assets Available for Benefits	$ 41,942,607	$ 40,118,686

The accompanying notes are integral part of the financial statements.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION PENSION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	$ 3,279,922	$ 3,984,885
Interest	12,589	15,553
Dividends	1,720,805	970,077
Total investment income	5,013,316	4,970,515
Less investment expenses	88,417	90,944
Total investment income, net	4,924,899	4,879,571
Contributions:		
Employer	1,716,046	1,694,543
Total contributions	1,716,046	1,694,543
Total additions	6,640,945	6,574,114
Deductions from net assets attributed to:		
Benefits paid to participants	4,678,122	3,218,070
Administrative expenses	138,902	120,363
Total deductions	4,817,024	3,338,433
Net increase	1,823,921	3,235,681
Net assets available for benefits:		
Beginning of Year	40,118,686	36,883,005
End of Year	$ 41,942,607	$ 40,118,686

The accompanying notes are integral part of the financial statements.

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Fresno Economic Opportunities Commission Pension Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General: The Plan is a defined contribution plan covering eligible employees of Fresno Economic Opportunities Commission (Fresno EOC) who have completed one year of service with at least 1,000 hours worked and are age 21 or older. The Plan was initially established on December 30, 1980. The Plan was amended and restated on April 1, 2016. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan's Pension Committee is responsible for the oversight of the Plan and the appropriateness of the Plan's investment offerings.

Contributions: Fresno EOC contributes to the Plan an amount equal to five percent of eligible employees' compensation during the Plan year.

Participant Accounts: Each participant's account is credited with the Employer's contributions and an allocation of Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

An individual account is maintained for each participant, which includes the following components:

1. Employer contributions
2. The participant's pro rata share of net investment income
3. The participant's pro rata share of plan expenses
4. Deductions for benefits paid to participants

Vesting: Participants are vested immediately in the employer contributions plus actual earnings thereon.

Participant Loans: The Plan does not permit loans to participants.

Payment of Benefits: On termination of service due to death, disability, or retirement at the normal retirement age of 65, a participant may elect to receive the value of the vested interest in his or her account as a lump-sum distribution, installment payments, or qualified survivor annuity.

Benefit payments for active employees that cease to participate in the Plan by reason of total or permanent disability will be paid in the same manner as the retirement benefit.

If an active employee dies before normal retirement age, the accrued benefit and death benefits payable under any policies of life insurance held for the employee's benefit shall be paid to the surviving spouse in the form of a qualified pre-retirement survivor annuity. If the qualified pre-retirement survivor annuity has been effectively waived, accrued benefits shall be paid to the designated beneficiary in monthly payments over the beneficiary's life expectancy, or in a lump sum if the employee previously elected this form of benefit payment.

The Plan will make involuntary cash outs of account balances of terminated vested participants of $1,000 or less. Eligible Rollover Distributions of account balances greater than $1,000 but less than $5,000 will be subject to the automatic rollover requirement.

The Plan does not permit in-service distributions and Safe and Non-Safe Harbor Hardship withdrawals.

Forfeited Accounts: The balance in each employee's account is 100% non-forfeitable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Plan are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein. Actual results could differ from those estimates.

Investment Valuation and Income Recognition: Investments are reported at fair value, except for fully benefit-response investment contracts, which are reported at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's trustees determine the Plan's valuation policies utilizing information provided by the investment advisors and custodian. See Note 5 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Mutual fund unit values are established by dividing the net value of each fund by the number of units outstanding on the valuation date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits: Benefits are recorded when paid.

Administrative Expenses: Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Plan sponsor. Expenses that are paid by the Plan sponsor are excluded from these financial statements. Certain fees related to the administration of the Plan are charged directly to the participant's account and are included in administrative expenses. Certain fees related to investment advisory services to the Plan are charged directly to the Participant's account and are included in investment expenses. Other investment-related expenses are included in net appreciation (depreciation) in the fair value of investments.

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 the financial statements. Management has determined that no events require disclosures in accordance with accounting standards. These subsequent events have been evaluated through August 11, 2023, the date which the financials were available to be issued.

NOTE 3 – INFORMATION PREPARED AND CERTIFIED BY CUSTODIAN

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosures under ERISA. Accordingly, State Street Bank and Trust Company, the custodian of the Plan, has certified as being complete and accurate the investments on the Statements of Net Assets Available for Benefits, the investment activity reflected in the Statements of Changes in Net Assets Available for Benefits, and the investment information included in the supplemental schedule, Schedule H, Line 4i – Schedule of Assets (Held at End of Year) of the financial statements as of and for years ended December 31, 2021 and 2020. Accordingly, as permitted under such election, the Plan administrator instructed the Plan's independent auditors not to perform any additional auditing procedures with respect to the information certified as complete and accurate by the Plan's custodian for their respective periods.

NOTE 3 – INFORMATION PREPARED AND CERTIFIED BY CUSTODIAN (continued)

The following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified to as complete and accurate by the custodian:

	2021	2020
Investments at fair value	$ 41,413,056	$ 39,484,822
Investment at contract value	$ 528,094	$ 563,917
Investment income:		
Net appreciation in fair value of investments	$ 3,279,922	$ 3,984,885
Interest	$ 12,589	$ 15,553
Dividends	$ 1,720,805	$ 970,077

NOTE 4 – INVESTMENTS

The Plan provides that contributions to the Plan will be invested in certain individual programs offered by State Street Bank and Trust Company and as directed by each participant. Participants may change their investment options as desired.

NOTE 5 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 5 – FAIR VALUE MEASUREMENTS (continued)

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020 and there have been no transfers between levels during the years ended December 31, 2021 and 2020.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Plan at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table lists assets at fair value as of December 31, 2021 and 2020:

December 31, 2021	Level 1	Level 2	Level 3	Total
Mutual funds	$ 41,413,056	$ -	$ -	$ 41,413,056
Total investments at fair value	$ 41,413,056	$ -	$ -	$ 41,413,056
December 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Mutual funds	$ 39,484,822	$ -	$ -	$ 39,484,822
Total investments at fair value	$ 39,484,822	$ -	$ -	$ 39,484,822

NOTE 6 – RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

Parties in interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer, and certain others. At December 31, 2021 and 2020, State Street Bank and Trust Company was the custodian of the Plan investments and, therefore, these investments qualify as party-in-interest investments. Certain Plan investments are managed by State Street Bank and Trust Company, and therefore, these transactions qualify as party-in-interest transactions. Transamerica Retirement Solutions is the Plan's broker and qualifies as a party-in-interest with respect to the investments managed by Transamerica Retirement Solutions. Fees incurred by the Plan for investment and management services by State Street Bank and Trust Company and Transamerica Retirement Solutions were $138,902 and $120,363 for the years ended December 31, 2021 and 2020, respectively.

There were no transactions with any parties-in-interest that would be considered prohibited transactions by DOL regulations.

NOTE 7 – PLAN TERMINATION

Although it has not expressed any intent to do so, Fresno EOC has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

NOTE 8 – TAX STATUS

The Internal Revenue Service has provided a favorable determination to Fresno EOC in a letter dated January 3, 1994, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code. Furthermore, the Internal Revenue Service has provided a favorable determination in a letter dated March 31, 2014, that the form of the plan provided by the volume submitter is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and therefore believe that the Plan is qualified, and the related trust is tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the taxing authorities. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2021 and 2020, there are 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 Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examination for years prior to 2018.

NOTE 9 – GUARANTEED INVESTMENT CONTRACT

The Plan entered into a fully benefit-responsive guaranteed investment contract with an insurance company. The insurance company maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

Because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. The guaranteed investment contract is presented on the face of the Statements of Net Assets Available for Benefits at contract value. Contract value, as reported to the Plan by the insurance company, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The contract value of the investment contract at December 31, 2021 and 2020, was $528,094 and $563,917, respectively.

NOTE 9 – GUARANTEED INVESTMENT CONTRACT (continued)

Certain events limit the Plan's ability to transact at contract value with the insurance company. Such events include the following: (a) amendments to the plan documents (including complete and partial plan termination or merger with another plan) or (b) bankruptcy of the plan sponsor or plan sponsor events that cause significant withdrawal from the plan. The Plan administrator does not believe that any events that would limit the Plan's ability to transact at contract value with Plan participants or the issuer are probable of occurring.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

NOTE 10 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

NOTE 11 – CONTINGENCIES

Coronavirus Pandemic: Management has determined the events regarding the Novel Coronavirus (COVID-19) 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 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. A vaccine has been created and is being administered throughout the state. The ultimate impact of COVID-19 on the Plan is unknown.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION PENSION PLAN

SUPPLEMENTAL SCHEDULE

FRESNO ECONOMIC OPPORTUNITIES COMMISSION PENSION PLAN
SCHEDULE H, Line 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2021

Employer Identification # 94-1606519

Plan Number 001

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	American Beacon	American Beacon Intn'l Equities R5	**	$ 147,447
	American Funds	American Funds American Balanced R6	**	212,123
	American Funds	American Funds New Perspective R6	**	417,708
	American Funds	American Funds New World R6	**	861
	Calvert	Calvert Small Cap I	**	356
	Calvert	Calvert US Lg cp Core Responsible Idx I	**	22,135
	Eaton Vance	Eaton Vance High Inc Opp I	**	3,808
	Fidelity	Fidelity Total Bond	**	399,035
	Goldman Sachs	Goldman Sachs Intl Sm cp Insights I	**	583
	JPMorgan	JPMorgan Mid Cap Growth R6	**	177,752
	Pax World	Pax World Gl Envrnmntl Mkt Instl	**	47,424
	PIMCO	PIMCO Income Instl	**	102,968
	PIMCO	PIMCO Intl Bond (USD-Hdg) Instl	**	20,318
	PIMCO	PIMCO RealPath Blend 2025 Instl	**	5,512,969
	PIMCO	PIMCO RealPath Blend 2030 Instl	**	6,006,059
	PIMCO	PIMCO RealPath Blend 2035 Instl	**	5,770,946
	PIMCO	PIMCO RealPath Blend 2040 Instl	**	4,738,551
	PIMCO	PIMCO RealPath Blend 2045 Instl	**	2,840,406
	PIMCO	PIMCO RealPath Blend 2050 Instl	**	1,185,212
	PIMCO	PIMCO RealPath Blend 2055 Instl	**	505,073
	PIMCO	PIMCO RealPath Blend 2060 Instl	**	94,339
	PIMCO	PIMCO RealPath Blend Income Instl	**	11,169,602
	Pimco	PIMCO StocksPLUS Small Inst	**	98,837
*	State Street	State Street Instl US Govt Money Market Premier	**	55
	T. Rowe Price	T. Rowe Price QM US Small-Cap Gr Eq	**	115,796
	T. Rowe Price	T. Rowe Price Spectrum Mod Gr Alloc	**	287
	Vanguard	Vanguard 500 Index Adm	**	451,529
	Vanguard	Vanguard Equity Income Adm	**	322,044
	Vanguard	Vanguard Growth Index Adm	**	122,377
	Vanguard	Vanguard LifeStrategy Consv Gr	**	122,900
	Vanguard	Vanguard Mid Cap Value Index Adm	**	254,741
	Vanguard	Vanguard Small Cap Value Index Adm	**	101,273
	Vanguard	Vanguard Strategic Equity	**	23,808
	Vanguard	Vanguard Total Intl Stock Index Adm	**	423,734
	Standard	Standard Stable Asset Fund II	**	528,094
				$ 41,941,150

* Indicates a party-in-interest, as defined by ERISA
** Cost information not required as per Special Rule for certain participant directed transactions

FRESNO ECONOMIC OPPORTUNITIES COMMISSION 403(b) PLAN

FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

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HUDSON HENDERSON & COMPANY INC.
certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
the Fresno Economic Opportunities Commission 403(b) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit

We have performed an audit of the accompanying financial statements of the Fresno Economic Opportunities 403(b) Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) [ERISA Section 103(a)(3)(C) audit]. The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management, having determined it is permissible in the circumstances, has elected to have the audit of the Plan's financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

Opinion

In our opinion, based on our audit and on the procedures performed as described in the Auditors' Responsibilities for the Audit of the Financial Statements section—

- the amounts and disclosures in the financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

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

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' Responsibilities for the Audit of the Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

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

Supplemental Schedules Required by ERISA

The supplemental schedules of Schedule H, Line 4a – Schedule of Delinquent Participant Contributions and Schedule H, Line 4i – Schedule of Assets (Held at End of Year) are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. 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 included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to 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 generally accepted auditing standards. For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion—

- the form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
August 11, 2023

HUDSON
HENDERSON&
COMPANY INC.
certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
the Fresno Economic Opportunities Commission 403(b) Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statement of the Fresno Economic Opportunities Commission 403(b) Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2020, and the related statement of changes in net assets available for benefits 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 statement 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 statement that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the 2020 financial statement based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by State Street Bank and Trust Company, the custodian of the Plan, except for comparing the information with the related information included in the financial statement. We have been informed by the plan administrator that the custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certifications from the custodian as of and for the year ended December 31, 2020, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2020 financial statement. Accordingly, we do not express an opinion on the 2020 financial statement.

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Report on Form and Content in Compliance With DOL Rules and Regulations for 2020 Financial Statement

The form and content of the information included in the 2020 financial statement, other than that derived from the information certified by the asset custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
August 11, 2023

FRESNO ECONOMIC OPPORTUNITIES COMMISSION 403(b) PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Investments:		
Investments at fair value	$ 6,909,566	$ 5,742,828
Investments at contract value	606,079	382,812
Total investments	7,515,645	6,125,640
Receivables:		
Participant contributions	-	55,252
Notes receivable from participants	16,916	26,413
Other receivable	136	178
Total receivables	17,052	81,843
Total assets	7,532,697	6,207,483
LIABILITIES		
None	-	-
Total liabilities	-	-
Net assets available for benefits	$ 7,532,697	$ 6,207,483

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION 403(b) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Additions to net assets attributed to:		
Investment income:		
Net appreciation (depreciation) in fair value of investments	$ 629,674	$ 615,992
Interest	12,565	8,615
Dividends	246,111	117,517
Total investment income (loss)	888,350	742,124
Less investment expenses	14,635	11,864
Total investment income (loss), net	873,715	730,260
Interest income on notes receivable	771	1,230
Contributions:		
Participant	1,117,604	1,193,938
Rollover	186,998	62,966
Total contributions	1,304,602	1,256,904
Total additions	2,179,088	1,988,394
Deductions from net assets attributed to:		
Benefits paid to participants	820,652	169,894
Administrative expenses	33,222	18,053
Total deductions	853,874	187,947
Net increase (decrease) in net assets available for benefits	1,325,214	1,800,447
Net assets available for benefits:		
Beginning of year	6,207,483	4,407,036
End of year	$ 7,532,697	$ 6,207,483

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

FRESNO ECONOMIC OPPORTUNITIES COMMISSION 403(b) PLAN
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Fresno Economic Opportunities Commission 403(b) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General: The Plan is a defined contribution plan covering eligible employees of Fresno Economic Opportunities Commission (the Organization) who work more than 20 hours per week and are not students performing services as defined in the Plan. Participants are eligible to make elective deferrals beginning on their hire date. The Administrative Committee is responsible for oversight of the Plan, determining the appropriateness for the Plan's investment offerings, and monitors investment performance. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions: Each year, participants may contribute a portion of pre-tax annual compensation and after-tax contributions up to the maximum amount allowable under Internal Revenue Service limits, as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollovers). Participants direct the investment of their contributions into various investment options offered by the Plan.

Participant Accounts: Each participant's account is credited with the participant's contributions and an allocation of Plan earnings. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting: Participants are vested immediately in their contributions plus actual earnings thereon.

Notes Receivable from Participants: Participants may borrow from their accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their account balance. The loans are secured by the balance in the participant's account and currently bear an interest rate between 4.25 to 6.50 percent, which is commensurate with local prevailing rates as determined quarterly by the Plan administrator. Principal and interest is paid directly by the participants via coupon payments.

Payment of Benefits: On termination of service due to death, disability, or retirement, a participant may elect to receive a lump-sum amount equal to the value of the participant's vested interest in their account.

If a mandatory payment is being made to a participant because his or her vested account balance in the Plan is more than $1,000 but less than $5,000, then the Plan will automatically roll over the distribution to an IRA if the participant does not make an affirmative election to either receive a rollover or a distribution.

Withdrawals from financial hardships are permitted provided they meet regulations prescribed by the Internal Revenue Service and are for severe and immediate financial need, as described in the Plan.

Forfeited Accounts: There are no forfeited amounts as participants are fully and immediately vested.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method: The accompanying financial statements have been presented on the accrual basis of accounting.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsible investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statements of Changes in Net Assets Available for Benefits are prepared using the contract value basis for fully benefit-responsive investment contracts.

Estimates: The preparation of financial statements in conformity with generally accepted 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 changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Investment Valuation and Income Recognition: Investments are reported at fair value, except for fully benefit-response investment contracts, which are reported at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's management determines the Plan's valuation policies utilizing information provided by Transamerica. See Note 4 for discussion of fair value measurements.

Purchases and sale of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Mutual fund unit values are established by dividing the net value of each fund by the number of units outstanding on the valuation date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits: Benefits are recorded when paid.

Administrative Costs: Certain administrative costs are being paid for, on behalf of the Plan, by the Organization. Expenses that are paid by the Organization are excluded from these financial statements. Expenses relating to specific participant transactions (i.e., notes receivable) are charged directly against the appropriate participant's account. Investment-related expenses are included in net appreciation (depreciation) in fair value of investments. Total expenses paid for by the Plan during the years ended December 31, 2021 and 2020 totaled $33,222 and $18,053, respectively.

Notes Receivable from Participants: Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on an accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2021 and 2020. If a participant ceases to make loan repayments and the Plan administrator deems the participant loan to be in default, the participant loan balance is reduced and reclassified to a distribution. During the years ended December 31, 2021 and 2020, notes receivable from participants totaling $5,329 and $9,886, respectively, were in default and reclassified as distributions.

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 the financial statements. Management has determined no such events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through August 11, 2023, which is the date the financial statements were available to be issued.

NOTE 3 – INFORMATION CERTIFIED BY THE ASSET CUSTODIAN

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosures under ERISA. Accordingly, State Street Bank and Trust Company, the custodian of the Plan, has certified as being complete and accurate the investments on the Statements of Net Assets Available for Benefits, the investment activity reflected in the Statements of Changes in Net Assets Available for Benefits, and the investment information included in the supplemental schedule, Schedule H, Line 4i – Schedule of Assets (Held at End of Year) of the financial statements as of and for years ended December 31, 2021 and 2020. Accordingly, as permitted under such election, the Plan administrator instructed the Plan's independent auditors not to perform any additional auditing procedures with respect to the information certified as complete and accurate by the Plan's custodian for their respective periods. The following information included in the accompanying financial statements and supplemental schedule was obtained from data that has been prepared and certified to as complete and accurate by the custodian:

	2021	2020
Investments at fair value	$ 6,909,566	$ 5,742,828
Investments at contract value	$ 606,079	$ 382,812
Investment income:		
Net appreciation (depreciation) in fair value of instruments	$ 629,674	$ 615,992
Interest	$ 12,565	$ 8,615
Dividends	$ 246,111	$ 117,517
Interest income on notes receivable	$ 771	$ 1,230

NOTE 4 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, delivers the framework which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 4 – FAIR VALUE MEASUREMENTS (continued)

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020 and there have been no transfers between levels during the years ended December 31, 2021 and 2020.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Plan at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments measured at fair value on a recurring basis as of December 31, 2021 and 2020:

December 31, 2021	Level 1	Level 2	Level 3	Total
Mutual funds	$ 6,909,566	$ -	$ -	$ 6,909,566
Total investments at fair value	$ 6,909,566	$ -	$ -	$ 6,909,566

December 31, 2020	Level 1	Level 2	Level 3	Total
Mutual funds	$ 5,742,828	$ -	$ -	$ 5,742,828
Total investments at fair value	$ 5,742,828	$ -	$ -	$ 5,742,828

NOTE 5 – GUARANTEED INVESTMENT CONTRACT

The Plan entered into a fully benefit-responsive guaranteed investment contract with an insurance company. The insurance company maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

Because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. The guaranteed investment contract is presented on the face of the Statements of Net Assets Available for Benefits at contract value. Contract value, as reported to the Plan by the insurance company, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The contract value of the investment contract at December 31, 2021 and 2020, was $606,079 and $382,812, respectively.

NOTE 5 – GUARANTEED INVESTMENT CONTRACT (continued)

Certain events limit the Plan's ability to transact at contract value with the insurance company. Such events include the following: (a) amendments to the plan documents (including complete and partial plan termination or merger with another plan) or (b) bankruptcy of the plan sponsor or plan sponsor events that cause significant withdrawal from the plan. The Plan administrator does not believe that any events that would limit the Plan's ability to transact at contract value with Plan participants or the issuer are probable of occurring.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

NOTE 6 – PARTY-IN-INTEREST TRANSACTIONS

During the year ended December 31, 2021, the Plan sponsor did not remit certain participant contributions to the Plan in a timely manner, as defined by ERISA. These instances will be corrected during the year ended December 31, 2023. These contributions are considered non-exempt party-in-interest transactions. It is the responsibility of management to estimate the lost income associated with the delay in contributions. These non-exempt transactions do not affect the tax status determination of the Plan.

Certain Plan investments are managed by State Street Bank and Trust Company. State Street Bank and Trust Company is the custodian as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Transamerica Retirement Solutions is the Plan's broker and qualifies as a party-in-interest with respect to the investments managed by Transamerica Retirement Solutions. Fees incurred by the Plan for investment and management services by State Street Bank and Trust Company and Transamerica Retirement Solutions were $33,222 and $18,053 for the years ended December 31, 2021 and 2020, respectively.

There were no transactions with any parties-in-interest that would be considered prohibited transactions by DOL regulations.

NOTE 7 – PLAN TERMINATION

Although it has not expressed any intent to do so, the Organization has the right under the Plan, at any time, to terminate the Plan subject to the provisions of ERISA.

NOTE 8 – TAX STATUS

403(b) plans currently are not required to submit plans to the Internal Revenue Services for determination, however, Plan management believes the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the taxing authorities. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded as of December 31, 2021 and 2020, there are 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 Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2018.

NOTE 9 – RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

NOTE 10 – CONTINGENCIES

Coronavirus Pandemic: Management has determined the events regarding the Novel Coronavirus (COVID-19) 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 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. A vaccine has been created and is being administered throughout the state. The ultimate impact of COVID-19 on the Plan is unknown.

FRESNO ECONOMIC OPPORTUNITIES COMMISSION 403(b) PLAN

SUPPLEMENTAL SCHEDULES

FOR THE YEAR ENDED
DECEMBER 31, 2021

FRESNO ECONOMIC OPPORTUNITIES COMMISSION 403(b) PLAN
SCHEDULE H, LINE 4a – SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

Employer Identification # 94-1606519

Plan Number 002

Participant Contributions Transferred Late to Plan	Total that Constitutes Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
Check here if Late Participant Loan Repayments are Included: ☐	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
$ 284,516	$ -	$ -	$ 284,516	$ -

FRESNO ECONOMIC OPPORTUNITIES COMMISSION 403(b) PLAN
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2021

Employer Identification # 94-1606519

Plan Number 002

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	Standard	Standard Stable Asset Fund II	**	$ 606,079
	American Beacon	American Beacon Intn'l Equities R5	**	72,921
	American Funds	American Funds American Balanced R6	**	62,698
	American Funds	American Funds New Perspective R6	**	174,594
	American Funds	American Funds New World R6	**	13,218
	Calvert	Calvert Small Cap I	**	7,328
	Calvert	Calvert US Lg cp Core Responsible Idx I	**	38,479
	Eaton Vance	Eaton Vance High Inc Opp I	**	3,843
	Fidelity	Fidelity Total Bond	**	144,420
	Goldman Sachs	Goldman Sachs Intl Sm cp Insights I	**	10,960
	JPMorgan	JPMorgan Mid Cap Growth R6	**	89,798
	Pax World	Pax World Gl Envrnmntl Mkt Instl	**	34,668
	PIMCO	PIMCO Income Instl	**	48,772
	PIMCO	PIMCO Intl Bond (USD-Hdg) Instl	**	9,966
	PIMCO	PIMCO RealPath Blend 2025 Instl	**	588,955
	PIMCO	PIMCO RealPath Blend 2030 Instl	**	861,771
	PIMCO	PIMCO RealPath Blend 2035 Instl	**	851,336
	PIMCO	PIMCO RealPath Blend 2040 Instl	**	893,435
	PIMCO	PIMCO RealPath Blend 2045 Instl	**	425,535
	PIMCO	PIMCO RealPath Blend 2050 Instl	**	313,715
	PIMCO	PIMCO RealPath Blend 2055 Instl	**	156,619
	PIMCO	PIMCO RealPath Blend Income Instl	**	1,085,691
	Pimco	PIMCO StocksPLUS Small Inst	**	28,178
*	State Street	State Street Instl US Govt Money Market Premier	**	5
	T. Rowe Price	T. Rowe Price QM US Small-Cap Gr Eq	**	50,238
	T. Rowe Price	T. Rowe Price Spectrum Mod Gr Alloc	**	177
	Vanguard	Vanguard 500 Index Adm	**	316,696
	Vanguard	Vanguard Equity Income Adm	**	139,398
	Vanguard	Vanguard Growth Index Adm	**	146,052
	Vanguard	Vanguard LifeStrategy Consv Gr	**	33,941
	Vanguard	Vanguard Mid Cap Value Index Adm	**	85,800
	Vanguard	Vanguard Small Cap Value Index Adm	**	48,615
	Vanguard	Vanguard Strategic Equity	**	12,734
	Vanguard	Vanguard Total Intl Stock Index Adm	**	159,010
				7,515,645
*		Participant Loans (4.25-6.50%)		16,916
				$ 7,532,561

*Indicates a party-in-interest, as defined by ERISA

**Cost information not required as per Special Rule for certain participant directed transactions

AUDIT COMMITTEE MEETING

Date: August 17, 2023	**Program:** N/A
Agenda Item #: 5	**Director:** N/A
Subject: Audit Committee Charter	**Officer:** Emilia Reyes

Recommended Action

Staff recommends Committee review and approval for full Board consideration of the Audit Committee Charter.

Background

The Committee's Charter is attached for reference in a redline version for review and discussion of additional changes proposed to the Audit Committee Charter.

The changes proposed are in alignment with our current Agency's Bylaws.

Fiscal Impact

None.

Conclusion

If approved by the Committee, this item will move forward for full Board consideration at the August 30, 2023 Board Meeting.

Fresno Economic Opportunities Commission

FRESNO ECONOMIC OPPORTUNITIES COMMISSION

AUDIT COMMITTEE CHARTER

MODIFIED ~~May 2027~~August 2023

FRESNO EOC AUDIT COMMITTEE CHARTER

INTRODUCTION

Following the Nonprofit Integrity Act of 2004 – SB 1262, on April 27, 2005, the Fresno County EOC Board of Commissioners approved the establishment of the Audit Committee. The Audit Committee's duties as specified in the Act included:

A. Recommend to the board the retention and termination of the independent auditor.

B. Negotiate the compensation of the auditor on behalf of the Board

C. Confer with the auditor to satisfy the Committee Members that the financial affairs of the Agency are in order

D. Review and determine whether to accept the audit, and

E. Approve performance of any non-audit services to be provided by the auditing firm.

This charter is based on the Institute of Internal Auditor's best practices model and has been tailored to fit Fresno County EOC's needs and governing rules.

Unless the commissioners otherwise designate, committees shall conduct their affairs in the same manner as is provided in these bylaws for the conduct of the affairs of the Board of Commissioners, with such changes in the context of such provisions as are necessary to substitute the committee and its members for the Board of Commissioners and its members.

PURPOSE

To act on behalf of Fresno County EOC's Board of Commissioners in fulfilling its financial oversight responsibilities by monitoring:

A. the overall systems of internal control and risk mitigation;

B. the integrity of the financial statements of the corporation;

C. compliance by the corporation with legal and regulatory requirements and ethical standards;

D. at the close of each fiscal year, shall present to the Commissioners a financial report for the year audited by a licensed Certified Public Accountant; and

E. the selection, independence and performance of the corporation's independent auditors.

In addition, the audit committee shall oversee the internal audit department and have such other powers and performs such other duties as the board may specify from time to time.

MEMBERSHIP

The audit committee shall be composed of five (5) Commissioners, with at least one from each tripartite sector and who are not on the Finance Committee. The committee members and chair shall be appointed by the Board Chair and approved by the board and shall serve at the pleasure of the board.

Fresno EOC staff, assigned by the Board Secretary, shall serve as the Committee Secretary.

Each committee member will be both independent and financially literate. At least one member shall be designated as the "financial expert".

QUORUM

A quorum shall be established at the beginning of all meetings. A quorum shall equal a majority of the Commissioners assigned to the committee. Any Board member's participation in any meeting via electronic means shall comply with the Brown Act's limitations on technological conferences, as may be modified by Executive Order ~~Participation in a meeting through the use of conference telephoneor electronic video screen communication~~ pursuant to Article VIII of the Corporation's Bylaws constitutes presence at that meeting. Should a meeting not meet quorum requirements or lose the quorum at some point during the meeting, the meeting may proceed with informational items however no action, other than adjournment, may be taken.

SCOPE

Subject to the prior approval of the board, the committee is granted the authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

A. Appoint, compensate, and oversee the work of the public accounting firm employed by the organization to conduct the annual audit. This firm will report directly to the audit committee.
B. Resolve any disagreements between management and the auditor regarding financial reporting.
C. Pre-approve all auditing and permitted non-audit services performed by the corporation's external audit firm.
D. Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
E. Seek any information it requires from employees – all of whom are directed to cooperate with the committee's requests – or external parties.
F. Meet with corporation officers, external auditors, or outside counsel, as necessary.

RESPONSIBILITIES AND DUTIES

The committee shall be given full access to EOC's internal audit group, management, personnel and independent auditors as necessary to carry out these responsibilities. While acting within the scope of its stated purpose, the committee shall have all the authority of the board.

The committee will carry out the following responsibilities and duties:

Section 1. Financial Statements
Review significant accounting and reporting issues and understand their impact on the audited financial statements of the Agency and any program-specific audits. These issues include:

A. Complex or unusual transactions and highly judgmental areas

B. Major issues regarding accounting principles and financial statement presentations, including any significant changes in the corporation's selection or application of accounting principles

C. Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

D. Review and discuss with management and the external auditors the results of the annual audited financial statements, including any difficulties encountered. This review will include any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management.

E. Review disclosures made by CEO and CFO about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the corporation's internal controls.

Section 2. Internal Control

A. Consider the effectiveness of the corporation's internal control system, including information technology security and control.

B. Evaluate whether internal controls are enforced consistently, requiring management to follow the same controls as general staff.

C. Evaluate the adequacy of the number of personnel devoted to internal control procedures, including whether key functions are segregated, and the quality of personnel in key internal control positions.

D. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Section 3. Internal Auditing

A. Review the effectiveness of the internal audit function, including compliance with The IIA's International Standards for the Professional Practice of Internal Auditing.

B. If necessary, meet separately with the Internal Auditor to discuss any matters that the committee or internal audit believes should be discussed privately.

C. Review the internal audit function on at least an annual basis, including the independence and authority of its reporting obligations and the coordination of the agency's internal audit personnel with management and independent auditors.

D. Review with the Internal Auditor:

1. Any significant audit findings during the year, management's response, including management's plan of action to implement recommendations and timeline for completion.

2. Any obstacles imposed by management and staff during audits, including scope limitations or access to required information or personnel.

3. Internal Audit's annual risk assessment and audit plan.

4. Any significant changes to the annual audit plan.

5. Internal Audit budget and staffing requirements.

6. Internal Audit's policies and procedures.

7. Any assignments and priorities for the internal audit team.

8. Overall audit quality and compliance with professional standards.

Section 4. External Auditing

A. Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.

B. Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors. In performing this review, the committee should:

   1. Obtain and review a report by the independent auditor describing:

      i. the auditing firms' internal quality-control procedures;

      ii. any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and

      iii. all relationships between the independent auditors and EOC.

   2. Take into account the opinions of management and internal audit.

   3. Present its conclusions with respect to the external auditor to the board.

C. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

D. Approve, in advance, any audit and any permissible non-audit engagement or relationship between EOC and Independent auditors.

Section 5. Compliance
Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of noncompliance.

A. Establish procedures for:
   1. the receipt, retention, and treatment of complaints received regarding accounting, internal controls, or auditing matters; and

2. the confidential, anonymous submission by employees regarding questionable accounting or auditing matters.

B. Discuss policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process, as well as the agency's major financial risk exposures and the steps management has undertaken to control them.

C. Consider the risk of management's ability to override the agency's internal controls.

D. Review and address issues raised in the Annual Management Letter:
   1. Promptly review with management, the internal audit department and the independent auditors all recommendations made by the independent auditors in their annual management letter;
   2. Approve a schedule for implementing any recommended changes as a result of the annual management letter and monitor compliance with the schedule.

Section 6. Reporting Responsibilities
Regularly reports to the Board of Commissioners about committee activities and issues that arise with respect to the quality or integrity of the corporation's financial statements, the corporation's compliance with legal or regulatory requirements, the performance and independence of the corporation's independent auditors, and the performance of the internal audit function.

A. Provide an open avenue of communication between internal audit, the external auditors, and the board of commissioners.

B. Review any other reports the agency issues that relate to committee responsibilities.

Section 7. Other Responsibilities

A. Discuss with management the corporation's major policies with respect to risk assessment and risk management.

B. Perform other activities related to this charter as requested by the board of directors.

C. Review and assess the adequacy of the committee guidelines annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

D. Confirm annually that all responsibilities outlined in this charter have been carried out.

The Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal of other conditions.

MEETINGS

Meetings are open to all commissioners and shall generally be attended by program officers and directors to introduce or respond to agenda items, or general questions and comments Committee members may have. Only those members appointed to the Committee are permitted to vote on agenda items.~~All Commissioners who are not members of the committee may attend meetings of the committee but may not vote.~~ The committee may invite members of management or others to attend to provide pertinent information, as necessary.

Section 1: Frequency
~~A meeting schedule for the year is prepared and approved at the Board Annual meeting.~~ The Audit C~~c~~ommittee shall ~~will~~ meet at least four times a year, typically on the third Thursday of the month at 12:00 p.m. with authority to convene additional meetings or reschedule, as circumstances require. Meetings will be held without restrictions or time constraints.

The committee may invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary.

The committee may meet separately, periodically, with management, with internal auditors, and with external auditors or may meet periodically in executive session.

Section 2: Agenda
The Committee Chair will approve the agenda for the committee's meetings and any member may suggest items for consideration. Written materials will be provided to the committee ~~as far in advance of meeting as practicable.~~ 72 hours before the Committee Meeting per Brown Act Rules.

Section 3: Minutes
The committee shall keep a record of its actions and proceedings, and when required by the board, shall make a report of those actions and proceedings to the board. Minutes will be prepared after each committee meeting by the Committee Secretary. The Committee Chair approves the minutes for inclusion and approval in the next committee packet.