

**Audited Financial Statements
and Supplementary Information**



June 30, 2022 and 2021

Quigley & Miron

1736 Family Crisis Center
Audited Financial Statements and Supplementary Information
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June 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
1736 Family Crisis Center
Los Angeles, California

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of 1736 Family Crisis Center (Center), a nonprofit organization, which comprise the consolidated statement of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2022 and 2021, and the changes in its net assets and 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 (GAAS) 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Center 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS 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 GAAS 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 consolidated 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 consolidated 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 Center’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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center’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 Matter

Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued report dated March 23, 2023, on our consideration of the Center'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Center’s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited 1736 Family Crisis Center's June 30, 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Ziegler & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
March 23, 2023

1736 Family Crisis Center
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 3,512,480	\$ 3,927,432
Investments—Note 4	163,311	219,944
Government grants receivable—Note 5	3,532,209	3,102,612
Grants and contributions receivable	37,758	50,371
Other assets	514,361	488,240
Buildings and land leases—Note 6	1,530,613	1,393,690
Property and equipment		
Land	1,281,807	1,281,807
Building	833,627	833,627
Leasehold improvements	2,237,569	2,237,569
Furniture, fixtures and equipment	1,165,420	1,165,420
Less accumulated depreciation and amortization	<u>(2,568,461)</u>	<u>(2,428,850)</u>
Property and Equipment, Net	<u>2,949,962</u>	<u>3,089,573</u>
Total Assets	<u>\$ 12,240,694</u>	<u>\$ 12,271,862</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 104,179	\$ 393,154
Salaries and employee benefits payable	2,550,824	2,374,735
Grant advances	1,214,038	918,786
Notes payable—Note 8	<u>950,009</u>	<u>996,725</u>
Total Liabilities	<u>4,819,050</u>	<u>4,683,400</u>
Net Assets		
Without donor restrictions—Note 10	5,062,993	5,254,121
With donor restrictions—Note 11	<u>2,358,651</u>	<u>2,334,341</u>
Total Net Assets	<u>7,421,644</u>	<u>7,588,462</u>
Total Liabilities and Net Assets	<u>\$ 12,240,694</u>	<u>\$ 12,271,862</u>

See notes to financial statements.

1736 Family Crisis Center
Statement of Activities
Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Public Support and Revenue			
Government grants	\$ 15,183,396	\$	\$ 15,183,396
Individual contributions	177,102	37,758	214,860
Community and service club contributions	5,712		5,712
Foundation grants and corporate contributions	228,059		228,059
In-kind contributions—Note 15	641,323	225,929	867,252
Net assets released from restrictions	239,377	(239,377)	
Total Public Support and Revenue	16,474,969	24,310	16,499,279
Expenses			
Program services	14,604,257		14,604,257
Supporting services			
Management and general	1,788,678		1,788,678
Fundraising	249,273		249,273
Total Expenses	16,642,208		16,642,208
Change in Net Assets From Operations	(167,239)	24,310	(142,929)
Nonoperating Activities			
Investment return, net—Note 4	(23,889)		(23,889)
Total Nonoperating Activities	(23,889)		(23,889)
Change in Net Assets	(191,128)	24,310	(166,818)
Net Assets at Beginning of Year	5,254,121	2,334,341	7,588,462
Net Assets at End of Year	\$ 5,062,993	\$ 2,358,651	\$ 7,421,644

See notes to financial statements.

1736 Family Crisis Center
Statement of Activities
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Public Support and Revenue			
Government grants	\$ 16,970,759	\$	\$ 16,970,759
PPP grant—Note 7	1,191,942		1,191,942
Individual contributions	221,625	5,371	226,996
Community and service club contributions	6,566		6,566
Foundation grants and corporate contributions	105,584	78,750	184,334
In-kind contributions—Note 15	472,261		472,261
Net assets released from restrictions	446,059	(446,059)	
Total Public Support and Revenue	19,414,796	(361,938)	19,052,858
Expenses			
Program services	15,705,819		15,705,819
Supporting services			
Management and general	3,166,714		3,166,714
Fundraising	146,814		146,814
Total Expenses	19,019,347		19,019,347
Change in Net Assets From Operations	395,449	(361,938)	33,511
Nonoperating Activities			
Investment return, net—Note 4	22,703		22,703
Total Nonoperating Activities	22,703		22,703
Change in Net Assets	418,152	(361,938)	56,214
Net Assets at Beginning of Year	4,835,969	2,696,279	7,532,248
Net Assets at End of Year	\$ 5,254,121	\$ 2,334,341	\$ 7,588,462

See notes to financial statements.

1736 Family Crisis Center
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services				Supportive Services			Total
	Domestic Violence Shelters and Services	Runaway and Homeless Youth Shelter Services	Community-Based Education, Family Source Center, and Mental Health Services	Supportive Housing Services for Veterans and Crime Victims	Total Program Services	Management and General	Resource Development	
Expenses								
Salaries	\$ 3,587,839	\$ 204,844	\$ 509,197	\$ 1,637,554	\$ 5,939,434	\$ 369,671	\$ 144,745	\$ 6,453,850
Payroll taxes and fringe benefits	1,342,318	76,131	189,246	608,605	2,216,300	137,390	53,795	2,407,485
Supplies for shelter/counseling operations	796,778	12,092	98,121	2,841,523	3,748,514	350		3,748,864
Rent, parking and occupancy	427,765	1,797	368,479	178,490	976,531	175,713	10,332	1,162,576
Professional services	99,581		150,741	5,441	255,763	761,444	1,597	1,018,804
Maintenance and repairs	399,070	23,636	14,199	66,566	503,471	4,961	1,904	510,336
Office supplies	183,352	1,964	78,061	100,529	363,906	78,524	9,572	452,002
Insurance	120,958	6,241	17,992	52,559	197,750	22,185	4,475	224,410
Telephone	98,140	4,022	21,229	54,687	178,078	22,507	2,212	202,797
Depreciation and amortization						139,611		139,611
Utilities	64,598	3,056	6,731	8,102	82,487	92		82,579
Fees and licenses	11,560	1,289	19,920	7,316	40,085	18,531	4,179	62,795
Equipment lease/rental	25,521	1,188	12,603	15,386	54,698	4,851	760	60,309
Conferences and training	16,650	1,099	15,073	6,946	39,768	1,662	13,519	54,949
Interest						36,993		36,993
Bank fees						11,467	15	11,482
Postage	2,645	5	574	1,113	4,337	1,691	2,161	8,189
Printing	1,061	33	408	590	2,092	35	7	2,134
Dues and subscriptions	858		106	79	1,043	1,000		2,043
Total Expenses	\$ 7,178,694	\$ 337,397	\$ 1,502,680	\$ 5,585,486	\$ 14,604,257	\$ 1,788,678	\$ 249,273	\$ 16,642,208

* Community-Based Education and Mental Health Therapy Services include a range of counseling and other mental health services, job development, case management, legal aid, rental assistance, services; these services benefit clients of the Domestic Violence Shelters, the Runaway and Homeless Youth Shelter, and the 1736 Family Crisis Community Service Centers, as well as the children, and families of the general public, including military veterans.

See notes to financial statements.

1736 Family Crisis Center
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services					Supportive Services			Total
	Domestic Violence Shelters and Services	Runaway and Homeless Youth Shelter Services	Community-Based Education, Family Source Center, and Mental Health Services	Supportive Housing Services for Veterans and Crime Victims	COVID-19 Emergency Response and Other Programs	Total Program Services	Management and General	Resource Development	
Expenses									
Salaries	\$ 1,929,918	\$ 502,119	\$ 1,878,094	\$ 1,217,718	\$	\$ 5,527,849	\$ 1,054,950	\$ 90,031	\$ 6,672,830
Payroll taxes and fringe benefits	633,460	166,773	623,786	404,450		1,828,469	350,389	29,903	2,208,761
Supplies for shelter/counseling operations	2,040,120	92,188	408,920	2,538,713	247,799	5,327,740			5,327,740
Rent, parking and occupancy	192,995	9,362	589,672	127,756		919,785	248,097	6,452	1,174,334
Professional services	213,486	158	55,741	69,954		339,339	1,215,451	2,678	1,557,468
Maintenance and repairs	225,380	51,732	180,788	73,264		531,164	5,384	297	536,845
Office supplies	305,258	80,213	173,362	107,747		666,580	55,745	6,178	728,503
Insurance	60,581	16,994	74,561	33,040		185,176	5,870	1,151	192,197
Telephone	57,885	9,822	51,957	45,419		165,083	15,302	1,802	182,187
Depreciation and amortization							139,612		139,612
Utilities	24,044	5,822	31,181	6,385		67,432	8,645		76,077
Fees and licenses	17,060	2,529	10,945	13,996		44,530	13,046	970	58,546
Equipment lease/rental	19,355	419	17,679	15,384		52,837	3,142	647	56,626
Conferences and training	36,588	1,260	1,777	2,318		41,943	8,614	899	51,456
Interest							40,638		40,638
Postage	1,411	22	2,148	956		4,537	1,427	2,036	8,000
Printing	1,566	83	1,206	500		3,355	402	3,770	7,527
Total Expenses	\$ 5,759,107	\$ 939,496	\$ 4,101,817	\$ 4,657,600	\$ 247,799	\$ 15,705,819	\$ 3,166,714	\$ 146,814	\$ 19,019,347

* Community-Based Education and Mental Health Therapy Services include a range of counseling and other mental health services, job development, case management, legal aid, rental assistance, services; these services benefit clients of the Domestic Violence Shelters, the Runaway and Homeless Youth Shelter, and the 1736 Family Crisis Community Service Centers, as well as the children, and families of the general public, including military veterans.

See notes to financial statements.

1736 Family Crisis Center
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (166,818)	\$ 56,214
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	139,611	139,612
In-kind buildings and land leases contribution	(445,189)	
Investment (gains) losses	56,633	(58,853)
Changes in operating assets and liabilities:		
Government grants receivable	(429,597)	246,686
Grants and contributions receivable	12,613	(50,371)
Other assets	(26,121)	(247,009)
Accounts payable and accrued expenses	(288,975)	(21,257)
Salaries and employee benefits payable	176,089	142,086
Grant advances	295,252	42,287
PPP advance		(1,191,942)
In-kind buildings and land leases	308,266	312,309
Net Cash Used in Operating Activities	(368,236)	(630,238)
Cash Flows from Financing Activities		
Proceeds from notes payable	847,183	
Repayment of notes payable	(893,899)	(44,309)
Net Cash Used in Financing Activities	(46,716)	(44,309)
Increase (Decrease) in Cash and Cash Equivalents	(414,952)	(674,547)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	3,927,432	4,601,979
Cash, Cash Equivalents, and Restricted Cash at End of Year	<u>\$ 3,512,480</u>	<u>\$ 3,927,432</u>
Supplementary Disclosures		
Cash paid for interest	<u>\$ 36,993</u>	<u>\$ 40,638</u>
Cash paid for taxes	<u>\$</u>	<u>\$</u>

See notes to financial statements.

1736 Family Crisis Center
Notes to Financial Statements
June 30, 2022 and 2021

Note 1—Organization

Organization—1736 Family Crisis Center (Center) is a 501(c)(3) nonprofit organization dedicated to serving vulnerable community members in Los Angeles County, Orange County, and surrounding areas. Its mission is comprehensively to help children, women, men, and families through crises, including domestic violence, sexual assault, homelessness, joblessness, poverty, human trafficking, suicide ideation and attempts, addiction, post-traumatic stress, and emotional and life-survival challenges, thereby improving their prospects for long-term housing, psychological wellness, financial stability, and success. The Center serves approximately 10,000 children and adults annually through in-depth residential and nonresidential programs, and historically, 20,000 more through educational programs and community outreach. The Center is funded by public and private sectors, including several departments of the United States federal government, the State of California, the County of Los Angeles, the County of Orange, the City of Los Angeles, municipalities, foundations, corporations, clubs and service organizations, churches, community groups, and individuals.

Background

Overview—1736 Family Crisis Center has 20 facilities and service locations throughout Los Angeles and Orange Counties, as of this writing, which house: domestic violence, human trafficking, homeless, and youth shelters; mental health and legal clinics; hotline centers; financial and job/skill training sites; co-located police-response program; homeless outreach/drop-in/service centers for veterans, youth, human trafficking victims, assault and crime victims, and children/adults of all ages who are in dire need; and administration.

The Center began in 1972 as a single emergency youth shelter for runaway children and those experiencing homelessness. Services progressively expanded beyond housing and basic life necessities to include 24-hour emergency and longer-term counseling, suicide intervention, advocacy, life education, educational/occupational support, as well as outreach and networking with schools, hospitals, police, child protection agencies, and community organizations. In 1981, the Center opened its first confidential emergency domestic violence shelter. In 1984, the Center developed Los Angeles County's first—and for nine years, only—confidential transitional domestic violence shelter to give survivors and their children the broad-based counseling, job preparation, life-skills education, and self-confidence tools needed to rebuild safe and independent lives. Thereafter, the Center expanded to additional populations (e.g., family members of homeless veterans and crime victims) and geographical regions throughout Los Angeles and Orange Counties, with a focus on programs such as counseling and family services to help prevent crisis situations. Today, the Center offers comprehensive, trauma-informed care through both residential (approximately 150 beds dependent on family composition) and non-residential services.

Corporation—1736 Family Crisis Center was incorporated as a 501(c)(3) nonprofit in 1986, separate from its parent organization of the previous 14 years (St. Cross Church). Since incorporation, the Center has strategically expanded its programs and geographic footprint to address unmet needs of underserved community populations and neighborhoods.

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Executive Management and Staffing—The Center has had one CEO/Executive Director since 1984, Carol Adelkoff, who has provided consistent management and oversight to 24-hour service delivery teams in diverse residential and nonresidential service sites. Under Ms. Adelkoff's direction, the Center has expanded locations and program scope, with routinely high-performance measures on audits, contract compliance (approximately 60 federal, state, county and municipal contracts), administrative and fiscal accountability, program deliverables, and client results. The Center has grown steadily under this leadership from having an annual operating budget of \$184,000 in 1984 to approximately \$20,000,000 at the time of this writing and is recognized as a public policy leader in advocacy for the most vulnerable populations. The Center has a long history of designing and demonstrating best practices and partnering closely with other nonprofit organizations, law enforcement, hospitals, and community/governmental agencies. The Center's service and administrative team consists of approximately 200 full-time and part-time staff (including family law and immigration attorneys, licensed mental health clinicians in fields such as marriage and family therapy and social work, job developers, housing specialists, outreach workers, case managers, and diverse specialists providing 24-hour care). Additionally, the Center has approximately 100 volunteers, as well as interns from universities and colleges throughout Southern California who train to become lawyers, mental health professionals, and specialty care providers.

Facilities Detail—1736 Family Crisis Center owns three of the facilities in which it operates, including two shelters and one community clinic building. The Center leases approximately a dozen and co-locates within additional facilities (including those donated) to total 20 locations at this time. One of these locations is within LAPD Harbor Division. The majority of service sites are located in Los Angeles County Supervisorial Districts I, II, and IV; the City of Los Angeles (Council Districts 9, 10, 11, and 15); and the cities of Redondo Beach, Torrance, and Long Beach; two additional locations are in the City of Garden Grove, Orange County. 1736 Family Crisis Center holds a number of licenses and operating permits, for example by the State of California as public health facilities, by the State of California as a residential group home for homeless and runaway minors, by the County of Los Angeles as mental health sites, among others. The Center's leased and owned facilities including confidential locations occupy approximately 55,400 square feet.

Program Services

1736 Family Crisis Center's holistic service delivery model is designed around each client's needs and integrates comprehensive, in-house specialty disciplines, including mental health, domestic violence, legal assistance, employment development, shelter/housing services, and case management. Diagnostic and treatment services are provided by and/or under the supervision of licensed mental health professionals, working in collaboration with licensed attorneys and certified counselors or case managers. 24-hour crisis intervention and longer-term care are offered through six residential emergency and transitional shelters serving adult and child victims of violence and other crimes, as well as, homeless, runaway, or abandoned youth ages 10-17. Services are provided in collaboration with community partners, including hospitals and emergency rooms, police departments, child protective services, court system, Veterans Affairs, and nonprofit health and human service providers. The Center's services are provided free of charge and offered in English and Spanish, with other language and cultural services facilitated as needed. 1736 Family Crisis Center's primary programs are highlighted below:

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Domestic Violence Shelters and Services

Emergency and Transitional Shelter—The Center operates four confidentially-located shelters offering approximately 130 beds (depending on family composition and the number of cribs and beds needed for a family) for domestic violence and human trafficking survivors and their children (boys and girls from birth to 17 years). The shelters offer emergency and transitional stage care to children and adults fleeing chaotic and volatile homes, and/or dangers from life on the streets. They also serve those who are further along in their recovery and path to independence. Program activities are designed to help survivors overcome domestic violence or human trafficking’s devastating effects and other difficulties impair personal and family functioning, in order to promote self-sufficiency. Comprehensive services for adult shelter clients include case management, individual and peer-group counseling, legal assistance, life skills training, parenting education and role-modeling, job development and placement, financial empowerment, 24-hour advocacy and protection, and referrals for medical care, substance abuse rehabilitation, permanent housing, and various specialty services. Children in the shelters receive school enrollment/re-enrollment services, age-appropriate counseling and therapy, therapeutic free play, recreational activities, tutoring, and creative therapies such as art, movement, and journaling to enhance their social and emotional development and to facilitate recovery from severe traumas they have witnessed and experienced. The Center recognizes that violence escalates statistically during pregnancy and, accordingly, welcomes pregnant women into the shelters, making accommodations and celebrating the birth of many newborns who otherwise would have been born into violent homes. The Center’s unique intake policies allow for survivors’ adolescent children, whether male or female, to be sheltered. Both supervisors and front-line workers specialize in teen development and behavior, allowing the Center to house older teenage boys, who by policy, are often excluded from other domestic violence shelters nationwide. Shelter graduates often participate in the Center’s aftercare program to ensure continued progress and volunteer at the Center to support other participants in the Center’s prevention and treatment programs.

DART Program with LAPD—As part of the *Los Angeles Police Department’s Domestic Abuse Response Team (DART)* program, the Center’s advocates are stationed at LAPD Harbor Division. DART Advocates work with officers to provide ride-along, on-scene crisis response in homes and hospitals to victims of domestic violence (and their children) as well as providing regular training in domestic violence education and response to officers during Roll Call and at other times throughout the year. During on-scene response, DART Advocates educate victims about their rights and available services, provide immediate access to safe, confidential shelter as requested, and link victims and their children to legal, counseling, and other life-saving programs offered by The Center, other domestic violence agencies, and community partners such as the *Victim’s Compensation Program*.

Bridge Housing for Women Experiencing Homelessness—In September 2020, the Center opened its sixth shelter, the #SheDoes Haven Bridge Home in close collaboration with City of Los Angeles Leadership for women experiencing homelessness. Located in Los Angeles Council District 10, the Bridge Home is a model program constructed from container housing to provide up to 15 participants at a time with 24-hour shelter, food, security, and offers clients comprehensive case management, counseling mental health care, and long-term housing assistance.

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Runaway and Homeless Youth Shelter and Services

The Center's *Everychild Foundation Emergency Shelter and Youth Program* is a six-bed state-licensed shelter that offers comprehensive and confidential services to runaway, homeless, and abandoned girls and boys ages 10 through 17. It is one of a very few emergency shelters in LA County that accepts homeless youth directly from the streets, including runaways, unaccompanied minors, LGBTQ+, and sex trafficking victims. The children participating in the program are often victims of severe parental neglect, sexual and physical abuse, emotional abuse, and abandonment. Many come from homes impacted by domestic violence. Some live on the streets; many are victims of commercial sex trafficking, even in the young preteen years.

This program gives the children a safe, structured environment where they can learn about healthy behavior choices and rebuild their self-esteem. It helps them overcome or escape dangers they're susceptible to (e.g., thoughts and plans regarding suicide, sexual exploitation, and substance use), sometimes to return home when safe, sometimes to find alternative living arrangements when home is not suitable. The Center's youth shelter has been serving the community for 50 years. In 2017, with support from the Everychild Foundation, City and County of Los Angeles, and many other generous donors, the youth shelter moved to its newly renovated, state-of-the-art site in the Los Angeles area. The new location also offers a Youth Empowerment Center where clients and at-risk community youth can access services like life-skills training, career exploration, crisis intervention, and educational support. Shelter staff work with youth, and their families when appropriate, to help them develop the skills and support networks needed to achieve stability. Services include individual, group, and family therapy; life-skills training; school enrollment/re-enrollment services; job aid; and peer support and mentoring. All shelter graduates have access to supportive services after they graduate from the program to ensure continued progress. Youth may volunteer after their stay to help other children, including through the Center's Youth Advisory Board and Young Leadership Council.

Community-Based Education, FamilySource Center, and Mental Health Therapy Services

Community-Based Education—The Center advocates for the vulnerable populations it serves through outreach and educational activities, including serving as experts on domestic violence, youth and veteran homelessness, human trafficking, suicide prevention and intervention, and other related fields throughout the community. Outreach services include participation in events and community gatherings in partnership with public and private establishments. The Center historically conducts educational sessions to the public, colleges and universities, and to professional trainees and community volunteers. To increase access to the Center's resources, the team maintains a website (www.1736familycrisiscenter.org) and also reaches the public through social networking and media engagement.

FamilySource Center—The Center's FamilySource Center (FSC) and satellite location are located in high-need areas of the City of Los Angeles and provide comprehensive services designed to assist low-income families in becoming self-sufficient by increasing family income and academic achievement for youth and adults. Our FSC is a one-stop community initiative that offer a host of free social, educational, work and family support services, including benefits access, English language classes, employment support, tax preparation, computer literacy training, youth tutoring, afterschool activities, and college prep and financial aid workshops, among other supportive services for low-income individuals and families. To provide these services, the Center receives a substantial City of Los Angeles grant and subcontracts with community non-profits. The Center has served as a lead agency for the delivery of this program for more than 20 years. During the pandemic, our staff worked tirelessly to assist clients apply for the many COVID relief programs offered through the City.

1736 Family Crisis Center

Notes to Financial Statements—Continued

Note 1—Organization—Continued

Mental Health Therapy Services—Mental health therapy is a core service of the Center's residential and nonresidential programs, being offered 24 hours a day at six residential locations, and during business and extended business hours at the Center's nonresidential clinic locations. Professional staff provide the services, while supervisors with decades of training are on duty around-the-clock to assist. The clientele includes suicidal children and adults; rape and domestic violence victims; people in poverty or severe distress; victims of human trafficking; veterans; children who are abused and/or experiencing homelessness; and others in great need. Five crisis/suicide hotlines are staffed 24 hours a day for people of all ages and demographics.

Legal Services Program—The Center employs five licensed staff attorneys and a trained paralegal to give legal assistance to persons in need in the areas of family law and other relevant legal matters. The program aims to help victims of violence and abuse, homeless veterans, human trafficking victims, and other clients with matters from emergency restraining orders, victim advocacy, benefits access, immigration, housing and criminal expungement to court representation for divorce, child support, and child custody/visitation.

Additional Services—The Center provides a wide variety of services to supplement its programs, including: job development and placement (for both residential and nonresidential clients); financial literacy; computer literacy; Youth Advisory Board (a volunteer group of former youth shelter clients and community youth who are dedicated to assisting their peers by addressing topics of dating violence, bullying, lesbian/gay/bisexual/transgender/questioning sexuality, substance abuse, peer pressure, problem solving and good choice-making); clinical internship opportunities under the supervision of licensed clinicians, in collaboration with many universities; legal internship opportunities under the supervision of licensed staff attorneys; and an extensive volunteer and community outreach program throughout Los Angeles County. The Center's staff provide educational speaking engagements in schools, youth fairs, churches, healthcare settings, and numerous locations and venues throughout the County and beyond.

Supportive Housing Services for Veterans and Crime Victims

Homeless Veterans and Family Program—The *Housing for Veteran Families Program* offers wraparound supports to prevent or end homelessness for low-income veteran families. Services for this program often begin on the streets or in shelters with compassionate staff offering veterans a listening ear, a bottle of water and some food, and a chance to rebuild their lives through the foundation of a permanent home. Services are available to homeless and at-risk veterans and their families in Los Angeles and Orange counties, and include legal services to remove barriers to employment and housing, housing navigation assistance to identify housing opportunities, and case management to develop life skills vital to self-sufficiency (for example, budgeting, time management, household management).

The program team works in collaboration with the U. S. Department of Veterans Affairs, various public agencies involved with local homeless Continuums of Care, and nonprofit service providers to prevent homelessness among veteran families at imminent risk of losing their housing and to end homelessness among those on the streets or in shelters. The Center focuses on low-income households, those returning from active duty, reservists, and the chronically homeless. Services include street outreach, case management, employment assistance, housing search and establishment assistance, and short-term financial assistance including security deposits and rent subsidies.

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Rapid Rehousing for Victims of Crime—The Center’s rapid re-housing services provide dedicated housing search assistance, lease negotiation, mobile advocacy, and individualized financial assistance. This programming offers a range of flexible housing and service options individualized to each client’s needs and goals; clients choose which options are best for them, as opposed to a one-size-fits-all approach. Housing retention, mobile advocacy, and landlord liaison services are available for up to 24 months. As needed by clients, rapid rehousing staff conduct periodic check-ins with property owners/managers to ensure tenancies remain stable and to problem solve issues as needed. In 2020, the Center expanded its housing supportive services to CalWORKs families experiencing homelessness in Orange County. This program offers housing identification, rent and moving assistance, and case management, addressing families’ needs so that they may quickly move into stable housing.

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Center’s net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Center and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center’s management and the board of directors.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying financial statements as net assets released from restrictions.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of the Center to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of domestic violence shelters and various other program services, and interest income on bank balance. Nonoperating activities are limited to other income or loss activities considered to be of a more unusual or nonrecurring nature. The Center did not engage in any reportable nonoperating activities during the years ended June 30, 2022 and 2021.

Income Taxes—The Center is a nonprofit public benefit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). The Center is similarly exempt from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements. In addition, the Center has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2022 and 2021. Generally, the Center’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Recently Adopted Accounting Principles

Gifts-in-Kind—In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity’s policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. The Center adopted ASU No. 2020-07 on a retrospective basis for the year ended June 30, 2022. The Center has determined that adopting ASU No. 2020-07 has had no material effect on the consolidated financial statements.

Restricted Cash—In February 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities are required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one line item. The Center adopted ASU No. 2016-18 on a retrospective basis for the year ended June 30, 2021, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the financial statements, and noted that there was no material effect on the financial statements.

Cash and Cash Equivalents—The Center considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments are valued at fair market value. Investment transactions are recorded on the trade date. Investment income and realized and unrealized gains and losses, net of investment management fees, are reported as increases or decreases in the appropriate net asset category.

Government Grants—Revenues from government grants are reported as increases without donor restrictions as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as grants receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Property and Equipment—Building, furniture, fixtures and equipment, and leasehold improvements are stated at cost when purchased, or at estimated fair market value at the date of bequest or gift. Depreciation is provided using the straight-line method over the estimated useful life of the related asset, as follows:

Building	39 years
Furniture, fixtures and equipment	5-10 years
Leasehold improvements	15-39 years

Amortization of leasehold improvements is provided using the straight-line method over the shorter of the estimated useful life of the related asset or the lease term. Depreciation and amortization expense amounted to \$139,612 and \$139,612 for the years ended June 30, 2022 and 2021, respectively. Individual property items valued at less than \$5,000 are expensed when purchased or donated.

Concentrations of Credit Risk—Financial instruments which potentially subject the Center to concentrations of credit risk consist of cash and cash equivalents, investments, grants receivable, and government grants receivable. The Center maintains cash balances at various high quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Center’s investments are managed by a broker-dealer. Cash held in the investment accounts at investment custodians are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investment in securities are insured up to \$500,000. Government grants receivable are due from a variety of governmental bodies well-known to the Center, with favorable past payment histories. Cash balances of the Center will typically exceed the FDIC limits in the normal course of operations. Management regularly reviews the financial stability of its cash depositories and deems the risk of loss due to these concentrations to be minimal. Grants receivable at June 30, 2022 consists of amounts due from well-known and reputable foundations. The Center’s management has assessed the credit risk associated with these grants receivable and has provided an allowance for doubtful accounts considered adequate to value the receivables at their net realizable value.

In-Kind Contributions—The Center receives donations in the form of volunteer assistance and donated materials, supplies, and property and equipment. Volunteers are utilized in all areas of the Center’s operations, including legal services, public relations, professional advisory services, and general client support services. The value of volunteer services is calculated by multiplying accumulated volunteer hours by estimated fair value hourly wage rates based on the nature of the work performed. Donated materials, supplies, and property and equipment are recorded at estimated fair market value at the date of donation.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries, payroll taxes and fringe benefits, supplies for shelter/counseling operations, and professional services are allocated directly. All other functional expenses are allocated directly to the function which they benefit.

Reclassifications—Certain amounts in 2021 have been reclassified to conform with the 2022 financial statement presentation.

Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 3—Availability and Liquidity

The Center’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$3,000,000).

The following represents the availability and liquidity of the Center’s financial assets at June 30, 2022 and 2021 to cover operating expenses for the next fiscal year:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents, net of donor restrictions	\$ 3,512,480	\$ 2,577,432
Government grants receivable	3,532,209	3,102,612
Grants and contributions receivable	37,758	50,371
Current Availability of Financial Assets	<u>\$ 7,082,447</u>	<u>\$ 5,730,415</u>

Note 4—Investments and Fair Value

In determining the fair value of assets and liabilities, the Center utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Center determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the Center at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

The Center may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Center to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. The Center had no assets or liabilities classified at NAV as a practical expedient during the years ended June 30, 2022 and 2021.

Investments measured on a recurring basis at June 30, 2022 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income mutual funds	\$ 91,929	\$	\$ 91,929	\$
Equities	54,876	54,876		
Totals	<u>\$ 146,805</u>	<u>\$ 54,876</u>	<u>\$ 91,929</u>	<u>\$</u>

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 4—Investments and Fair Value—Continued

Investments measured on a recurring basis at June 30, 2022 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income mutual funds	\$ 106,064	\$	\$ 106,064	\$
Equities	79,310	79,310		
Totals	<u>\$ 185,374</u>	<u>\$ 79,310</u>	<u>\$ 106,064</u>	<u>\$</u>

Investment return for the years ended June 30, 2022 and 2021 consisted of unrealized losses of \$23,889 and unrealized gains of \$22,703, respectively.

Note 5—Government Grants Receivable

Government grants receivable consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Various local government cities and municipalities	\$ 1,792,805	\$ 1,408,035
United Way	651,000	469,500
Federal	568,015	615,687
State of California	520,389	609,390
Totals	<u>\$ 3,532,209</u>	<u>\$ 3,102,612</u>

Note 6—Buildings and Land Leases

During the year ended June 30, 2019, the Center entered into two new lease agreements with the City of Los Angeles and another non-profit organization. The Center recorded the present value of the buildings and land rent of \$2,098,525 as *Buildings and Land Leases* on the statement of financial position, as well as a corresponding with donor restrictions contribution as *In-kind contributions*, on the statement of activities for the year ended June 30, 2019.

During the year ended June 30, 2022, the Center renewed the lease with the City of Los Angeles for an additional two years and recorded the present value of the building and land rent of \$445,189 as *Buildings and Land Leases* on the statement of financial position, as well as a corresponding with donor restrictions contribution as *In-kind contributions*, on the statement of activities for the year ended June 30, 2022.

The present value of the leases as of June 30, 2022 and 2021 was \$1,530,613 and \$1,393,690, respectively, based upon annual rental expense of \$129,600 and \$229,617 and a discount rate of 3%. In-kind contributions of the building and land leases value for the years ended June 30, 2022 and 2021 totaled \$496,140 and \$46,909, respectively.

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 6—Buildings and Land Leases

Future anticipated amortization of the buildings and land leases is as follows:

<u>Year Ending June 30,</u>	
2023	\$ 317,643
2024	94,503
2025	97,378
2026	100,340
2027	103,391
Thereafter	817,358
	<u> </u>
Total	<u><u>\$ 1,530,613</u></u>

Note 7—PPP Grant

On May 6, 2020, the Center received \$1,339,925 of Paycheck Protection Program (PPP) funding from the Small Business Administration through a bank in response to the COVID-19 pandemic. While these funds carry loan repayment terms, it is the opinion of management and the board of directors that all funds received will be forgiven under the present terms of PPP in the upcoming fiscal year. Total grant revenue recognized during the year ended June 30, 2021 amounted to \$1,191,942, based on qualifying expenditures incurred. The full balance on the PPP advance was forgiven in full during the year ended June 30, 2021.

Note 8—Notes Payable

Notes payable at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Revolving line of credit, bearing interest at 3.7%, requiring 60 monthly payments of principal and interest of \$4,458, maturing on, December 30, 2030, secured by land and buildings	\$ 834,330	\$
Bank loan, bearing interest at 4.125%, requiring 60 monthly payments of principal and interest of \$4,668, with the interest rate reset every five years at 3 month libor plus 3.25%, maturing on December 22, 2030, secured by land and buildings		855,960
Bank loan, bearing interest at 4%, requiring 119 monthly payments of principal and interest of \$2,528, with all remaining principal due on August 11, 2026, secured by land and buildings, and furniture and equipment	115,679	140,765
	<u> </u>	<u> </u>
Total Notes Payable	<u><u>\$ 950,009</u></u>	<u><u>\$ 996,725</u></u>

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 8—Notes Payable—Continued

Future principal payments due under these loans as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>		
2023	\$	48,683
2024		50,623
2025		52,641
2026		54,739
2027		26,223
Thereafter		<u>717,100</u>
	Total \$	<u>950,009</u>

Note 9—Lease Commitments

The Center conducts its operations from three owned facilities, eleven facilities currently on a month-to-month basis. Six of the leased facilities provide non-residential counseling and case management services, and one of these also contains administrative offices. Six facilities (of which four are leased) provide 24-hour residential client care. Rent expense for the years ended June 30, 2022 and 2021 was \$742,275 and \$734,280.

Note 10—Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 2,362,993	\$ 3,904,121
Reserve, building, and facilities fund	<u>2,700,000</u>	<u>1,350,000</u>
Totals	<u>\$ 5,062,993</u>	<u>\$ 5,254,121</u>

Board-designated net assets are voluntary board-approved segregations of net assets without donor restrictions for specific purposes, projects or investments. The reserve, building, and facilities fund is designated to protect the Center from devastating economic or other misfortune by the allocation of cash assets for the Center's operations, to provide a funding source during the collection period of grants receivable to ensure uninterrupted program services, and to repair, remodel, improve, equip, lease, or purchase any facilities associated with the Center. Board-designated net assets are comprised of board reserve, building, and facilities fund totaled \$2,700,000 and \$1,350,000 at June 30, 2022 and 2021, respectively.

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 11—Net Asset with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Shelter operations	\$ 756,530	\$ 856,530
Future periods	33,750	33,750
Total Subject to Purpose Restrictions	790,280	890,280
Subject to time restrictions:		
In-kind buildings and land leases	1,530,613	1,393,690
Future periods	37,758	50,371
Total Subject to Time Restrictions	1,568,371	1,444,061
Total Net Assets with Donor Restrictions	<u>\$ 2,358,651</u>	<u>\$ 2,334,341</u>

Net assets released from restrictions for the year ended June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Shelter operations	\$ 100,000	\$ 100,000
Future periods	45,000	33,750
Total Satisfaction of Purpose Restrictions	145,000	133,750
Satisfaction of passage of time:		
In-kind buildings and land leases	89,006	312,309
Future periods	5,371	
Total Satisfaction of Time Restrictions	94,377	312,309
Total Net Assets Released from Donor Restrictions	<u>\$ 239,377</u>	<u>\$ 446,059</u>

During the year ended June 30, 2014, developments and milestones occurred regarding the construction of a new youth center in West Los Angeles which allowed the conditional non-interest-bearing loan payable to the Los Angeles Housing & Community Investment Department (Grant 114713) to be converted to a grant with donor restrictions and thus classified as net assets with donor restrictions. The restrictions are being released over a 10-year period based on social services rendered to the City of Los Angeles, which commenced when the property was placed in service in November 2017. The remaining net asset with donor restrictions balance of \$756,529 and \$856,530 at June 30, 2022 and 2021, respectively, represents the remaining services to be provided under this grant agreement.

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 12—Defined Contribution Plan

The Center has a 401(k) defined contribution plan. This plan covers all full-time employees 21 or older who have at least one full year of service. The Center’s contribution is determined each year by the Board. Employees may not contribute to the plan. Expense related to the plan amounted to \$336,347 and \$310,454, respectively.

The Center has a deferred compensation retirement plan under 457(b) of the Internal Revenue Code for executive level employees. The plan was adopted during the year ended June 30, 2012. The 457(b) payable amounted to \$163,250 and \$184,569 at June 30, 2022 and 2021, respectively. The 457(b) amounted to a decrease in salaries expenses of \$23,889 during the year ended June 30, 2022, and salaries expense of \$22,706 during the year ended June 30, 2021.

Note 13—Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting a grant and its terms, the Board is acknowledging the requirements of the grantor at the time of receipt of the grant.

In the ordinary course of business, The Center may be involved in legal proceedings and regulatory investigations. Management believes that the outcome of any such matters existing at June 30, 2022 will be resolved without material adverse effect on the Center’s future financial position, changes in net assets, or cash flows.

Note 14—Indirect Program Costs

The costs of providing the various programs and other activities have been summarized on a program basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefitted. Indirect program costs of \$595,472 and \$329,187 for the years ended June 30, 2022 and 2021, respectively, were determined to be allocable to the Center’s various program services and have been included in the appropriate program service columns of the statement of functional expenses. Such indirect program costs can be summarized as follows:

	<u>2022</u>	<u>2021</u>
Salaries	\$ 362,568	\$ 211,221
Payroll taxes and fringe benefits	134,750	70,155
Rent, parking and occupancy	31,576	9,147
Office supplies	22,277	8,699
Fees and licenses	18,080	18,000
Insurance	12,104	8,287
Telephone	7,183	2,015
Maintenance and repairs	4,397	542
Equipment lease/rental	2,327	776
Postage	188	82
Dues and subscriptions	22	
Professional services		132
Printing		131
Totals	<u><u>\$ 595,472</u></u>	<u><u>\$ 329,187</u></u>

1736 Family Crisis Center
Notes to Financial Statements—Continued

Note 15—In-Kind Contributions

The Center recognizes in-kind contributions of supplies and volunteer services by natural expense classification as follows:

	<u>2022</u>	<u>2021</u>
In-kind occupancy	\$ 496,140	\$ 46,908
Professional services	219,142	165,337
Supplies for shelter and counseling operations	151,970	260,016
Totals	<u>\$ 867,252</u>	<u>\$ 472,261</u>

The Center recognized in-kind occupancy of \$496,140 and \$46,908 during the years ended June 30 2022 and 2021, respectively, for various of various facilities in the City of Los Angeles valued at \$2.92 per square foot monthly.

The Center recognized in-kind professional services of \$219,143 and \$165,337 during the years ended June 30, 2022 and 2021, respectively, for various professional in-kind specialized professional services valued at fair market values ranging from \$915 per hour to \$1,300 per hour.

The Organization recognized in-kind supplies for shelter and counseling operations of \$151,970 and \$260,061, respectively, at fair market value for various supplies and household goods.

Note 16—Recent Accounting Pronouncement

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is to be applied using the modified retrospective approach and is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. The Center is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Note 17—Subsequent Events

Management evaluated all activities of 1736 Family Crisis Center through March 23, 2023, which is the date the financial statements were available to be issued, and concluded that no other material subsequent events that would require adjustment to the financial statements or disclosure in the notes to the final statements.

1736 Family Crisis Center
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Program Title/ Pass-Through Grantor	Federal Assistance Listing Number	Grantor's Number	Grant Amount	Grant Period	Expenditures	Sub- recipients
Department of Housing and Urban Development						
<u>CDBG – Entitlement Grants Cluster</u>						
Community Development						
Block Grants/Entitlement Grants						
Passed through:						
City of Los Angeles	14.218	C-138972	\$ 428,827	07/01/21-06/30/22	\$ 340,360	\$ 43,313
	14.218	C-138895	729,749	07/01/21-06/30/22	349,720	
	14.218	C-114713	1,206,188	07/27/13-10/25/17	856,530	*
	14.218	C-138976	617,500	07/01/21-06/30/22	432,887	
City of Redondo Beach	14.218	2021-531	9,574	07/01/21-06/30/22	9,574	
County of Los Angeles	14.218	111622	48,000	07/01/21-06/30/22	48,000	
Total CDBG – Entitlement Grants Cluster ALN Nos. 14.218 & 14.225					2,037,071	43,313
Emergency Solutions Grants Program						
Passed through:						
Los Angeles Homeless Service Authority (LAHSA)	14.231	2021CNESG01	87,600	07/01/21-06/30/22	83,407	
Total ALN 14.231					83,407	
Continuum of Care (COC) Program						
Direct award	14.267	CA0485L9D002013	531,763	07/01/21-06/30/22	531,763	
	14.267	CA1513L9D022005	414,065	10/01/21-09/30/22	159,393	
	14.267	CA1513L9D021904	385,373	10/01/20-09/30/21	39,603	
Passed through:						
Los Angeles Homeless Service Authority (LAHSA)	14.267	CA0370L9D002114	140,104	02/01/22-01/31/23	102,761	
	14.267	CA0370L9D002013	140,104	02/01/21-01/31/22	75,664	
City of Long Beach	14.267	CA0627U9D062013	471,635	07/01/21-06/30/22	471,635	
Total ALN 14.267					1,380,819	
Total Department of Housing and Urban Development					3,501,297	43,313
<u>Department of Justice</u>						
Legal Assistance for Victims						
Direct award	16.524	2019-WL-AX-0060	600,000	10/01/19-09/30/22	258,548	
Total ALN 16.524					258,548	
Crime Victim Assistance						
Passed through:						
State of California	16.575	XH21 03 1182	310,619	01/01/22-12/31/22	224,494	
	16.575	XH20 03 1182	310,619	01/01/21-12/31/21	207,069	
	16.575	XD20 03 1182	759,747	01/01/21-12/31/22	281,328	78,375
	16.575	KE21 03 1182	306,425	10/01/21-09/30/22	197,886	
	16.575	KE20 03 1182	306,425	10/01/20-09/30/21	53,071	
	16.575	DV 20 35 1182	335,607	10/01/20-09/30/22	544,326	
	16.575	HV21 03 1182	666,666	04/01/22-03/31/23	114,297	
	16.575	HV20 03 1182	476,190	04/01/21-03/31/22	379,743	
County of Los Angeles	16.575	DV12022XC21040190	72,000	01/01/22-12/31/22	57,971	
	16.575	DV12021XC18010190	82,000	01/01/21-12/31/21	40,513	
Total ALN 16.575					2,100,698	78,375

1736 Family Crisis Center
Schedule of Expenditures of Federal Awards—Continued
Year Ended June 30, 2022

Federal Grantor/ Program Title/ Pass-Through Grantor	Federal Assistance Listing Number	Grantor's Number	Grant Amount	Grant Period	Expenditures	Sub- recipients
Department of Justice—cont'd						
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault						
Direct award	16.736	2019-WH-AX-0014	\$ 450,000	10/01/19-09/30/22	\$ 251,918	\$ 5,751
Total ALN 16.736					251,918	5,751
Total Department of Justice					2,611,164	84,126
Department of the Treasury						
COVID-19 - Emergency Rental Assistance Program						
Passed through:						
City of Los Angeles	21.023	C-138277	200,000	03/15/21-12/31/21	106,950	
Total ALN 21.023					106,950	
Total Department of the Treasury					106,950	
Department of Veterans Affairs						
VA Supportive Services for Veteran Families Program						
Direct award	64.033	20-CA-441	2,549,498	10/01/20-09/30/22	1,221,271	
	64.033	20-CA-441SS	888,459	09/01/21-09/30/23	82,344	
Total ALN 64.033					1,303,615	
Total Department of Veterans Affairs					1,303,615	
Department of Health and Human Services						
Education and Prevention Grants to Reduce Sexual Abuse of Runaway Homeless and Street Youth						
Direct award	93.557	90Y02332-03-00	150,000	09/30/20-09/29/21	18,111	
Total ALN 93.557					18,111	
TANF Cluster						
Temporary Assistance for Needy Families						
Passed through:						
County of Los Angeles	93.558	PH-004227	1,434,344	07/01/21-06/30/22	928,208	
Total TANF Cluster ALN No. 93.558					928,208	

1736 Family Crisis Center
Schedule of Expenditures of Federal Awards—Continued
Year Ended June 30, 2022

Federal Grantor/ Program Title/ Pass-Through Grantor	Federal Assistance Listing Number	Grantor's Number	Grant Amount	Grant Period	Expenditures	Sub- recipients
Department of Health and Human Services—cont'd						
Community Services Block Grant						
Passed through:						
County of Los Angeles	93.569	CSBG21-1 1DVD2101TP	\$ 45,234	01/01/22-12/31/22	\$ 18,740	\$
	93.569	CSBG21-1 1DVD2101TP	45,234	01/01/21-12/31/21	16,060	
	93.569	CSBG21-1 1EMG2101RU	45,000	01/01/21-12/31/21	6,800	
	93.569	CSBG21-1 1DV2101TPC	173,828	03/15/21-08/31/22	41,860	
	93.569	CSBG21-1 2DV2101TPC	75,000	03/22/21-08/31/22	47,080	
	93.569	CSBG21-1 2EE2101JSC	44,832	03/22/21-08/31/22	12,720	
	93.569	CSBG21-1 2LG2101 LSC	49,663	03/22/21-08/31/22	33,713	
	93.569	CSBG21-1 3DV2101TP	40,167	01/01/22-12/31/22	4,695	
	93.569	CSBG21-1 3DV2101TP	40,167	01/01/21-12/31/21	8,069	
	93.569	CSBG21-1 3DV2101TPC	40,000	08/01/21-08/31/22	23,861	
	93.569	CSBG21-1 4DV2101TPC	40,000	02/15/21-05/31/22	20,100	
	93.569	CSBG21-12DVD2101TP	105,000	01/01/22-12/31/22	62,360	
	93.569	CSBG21-12DVD2101TP	105,000	01/01/21-12/31/21	48,200	
	93.569	CSBG21-1 4DVD2101TP	86,000	01/01/22-12/31/22	53,609	
	93.569	CSBG21-1 4DVD2101TP	86,000	01/01/21-12/31/21	48,095	
City of Los Angeles	93.569	C-138972	292,894	07/01/21-06/30/22	292,894	
	93.569	C-138261	317,630	08/01/20-05/31/22	241,328	
	93.569	C-137519	330,428	08/01/20-05/31/22	319,723	
Total ALN 93.569					1,299,907	
Basic Center Grant						
Direct award	93.623	90CY7219-02-00	200,000	10/01/21-09/30/22	198,602	
	93.623	90CY7219-01-00	200,000	10/01/20-09/30/21	26,492	
Total ALN 93.623					225,094	
Total Department of Health and Human Services					2,471,320	
Department of Homeland Security						
Emergency Food and Shelter Board Program						
Passed through:						
State of California	97.024	Phase ARPA-G	651,000	11/01/21-04/30/23	651,000	
Total ALN 97.024					651,000	
Department of Homeland Security					651,000	
Total Federal Awards					\$ 10,645,346	\$127,439

*See Note D.

See notes to schedule of expenditures of federal awards.

**1736 Family Crisis Center
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Note A—Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note B—Indirect Cost Rate

1736 Family Crisis Center has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note C—Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of 1736 Family Crisis Center under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of 1736 Family Crisis Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of 1736 Family Crisis Center.

Note D—Net Assets with Donor Restrictions Continuing Compliance Requirements

During the year ended June 30, 2014, developments and milestones occurred regarding the construction of a new youth center in West Los Angeles which allowed the conditional non-interest-bearing loan payable to the Los Angeles Housing & Community Investment Department (Grant 114713) to be converted to a grant with donor restrictions and thus classified as net assets with donor restrictions.

As of June 30, 2022, outstanding federally-funded net assets with donor restrictions, with continuing compliance requirements, are as follows:

Federal Assistance Listing Number	Grantor's Number	Federal Program	Outstanding Net Assets With Donor Restrictions	Net Assets with Donor Restrictions with Continuing Compliance Requirements Amount
14.218	114713	CDBG-Entitlement Grants Cluster	\$ 756,530	\$ 856,530

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Independent Auditor's 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*

Board of Directors
1736 Family Crisis Center
Los Angeles, California

We have audited 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, the financial statements of 1736 Family Crisis Center (Center), 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 March 23, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

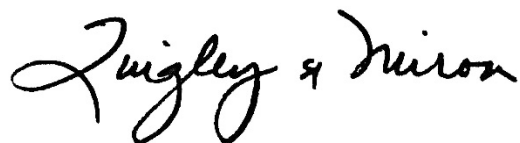
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Compliance and Other Matters

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

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 Center'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 Center's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Quigley & Diron". The signature is written in a cursive, flowing style.

Los Angeles, California
March 23, 2023

Certified Public Accountants

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Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Board of Directors
1736 Family Crisis Center
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of 1736 Family Crisis Center (Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular *Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2022. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal award programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and

the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

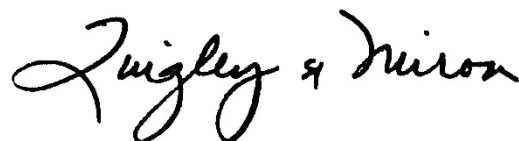
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



**1736 Family Crisis Center
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of 1736 Family Crisis Center were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No material weaknesses or significant deficiencies relating to internal control over financial reporting were identified during the audit.
3. No instances of noncompliance material to the financial statements of 1736 Family Crisis Center were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to internal control over major programs were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs of 1736 Family Crisis Center expresses an unmodified opinion.
6. There were no audit findings that required reporting in this schedule in accordance with Title 2 U.S. *Code of Federal Regulations* section 200.516(a).
7. The programs tested as major programs were the Department of Health and Human Services, TANF Cluster, Temporary Assistance for Needy Families, Assistance Listing No. 93.558; Community Services Block Grant, Assistance Listing No. 93.569; and Basic Center Grant, Assistance Listing No. 93.623.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. 1736 Family Crisis Center was determined to be a low-risk auditee.

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

None

**1736 Family Crisis Center
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022**

There were no prior year audit findings.

**1736 Family Crisis Center
Corrective Action Plan
Year Ended June 30, 2022**

As there were no audit findings or questioned costs for the year ended June 30, 2022, a corrective action plan is not required.