



Parents Helping Parents

Building Bright Futures for
Children with Special Needs

PARENTS HELPING PARENTS, INC.

**Financial Statements
and Supplementary Information
June 30, 2020 and 2019**

**Together with
Independent Auditors' Report
and Single Audit Reports**

PARENTS HELPING PARENTS, INC.

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June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Parents Helping Parents, Inc.
San Jose, California

Report on the Financial Statements

We have audited the accompanying financial statements of Parents Helping Parents, Inc. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of
Parents Helping Parents, Inc.
San Jose, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020 and 2019, 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.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Handwritten signature of Robert Lee, followed by the text "+ Associates, LLP".

San Jose, California
November 12, 2020

PARENTS HELPING PARENTS, INC.
Statements of Financial Position

	June 30,	
	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,037,122	\$ 822,327
Investments	407,209	154,251
Grants and accounts receivable	224,066	142,866
Pledges receivable, net	-	3,392
In-kind rent receivable, net - current	264,373	299,943
Prepaid expenses	<u>7,260</u>	<u>6,762</u>
Total current assets	1,940,030	1,429,541
Property and equipment, net	157,896	167,516
In-kind rent receivable, net - non-current	-	242,669
Deposits	<u>14,283</u>	<u>14,283</u>
Total assets	\$ <u><u>2,112,209</u></u>	\$ <u><u>1,854,009</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 201,911	\$ 145,318
Capital lease obligations - current	1,097	1,312
Deferred revenue	30,000	-
Note payable - current	<u>250,000</u>	<u>-</u>
Total current liabilities	483,008	146,630
Capital lease obligations - non-current	<u>5,543</u>	<u>-</u>
Total liabilities	<u>488,551</u>	<u>146,630</u>
Contingency		
Net assets:		
Without donor restrictions:		
Undesignated	984,797	693,722
Board designated	<u>30,974</u>	<u>25,321</u>
Total net assets without donor restrictions	1,015,771	719,043
With donor restrictions	<u>607,887</u>	<u>988,336</u>
Total net assets	<u>1,623,658</u>	<u>1,707,379</u>
Total liabilities and net assets	\$ <u><u>2,112,209</u></u>	\$ <u><u>1,854,009</u></u>

The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grants and contracts	\$ 1,413,382	\$ -	\$ 1,413,382
Contributions and pledges	776,986	283,037	1,060,023
Program service fees	42,260	-	42,260
Total operating revenue	<u>2,232,628</u>	<u>283,037</u>	<u>2,515,665</u>
Fundraising event revenue:			
Fundraising event revenue	3,000	-	3,000
Less costs of direct benefits to donors	(2,257)	-	(2,257)
Total fundraising event revenue, net	<u>743</u>	<u>-</u>	<u>743</u>
Other income:			
In-kind income	36,204	-	36,204
Change in present value of in-kind rent receivable	-	21,704	21,704
Investment income:			
Interest income	3,048	-	3,048
Unrealized and realized gain on investments, net	7,095	-	7,095
Other revenue	150	-	150
Total other income	<u>46,497</u>	<u>21,704</u>	<u>68,201</u>
Net assets released from restrictions	<u>685,190</u>	<u>(685,190)</u>	<u>-</u>
Total revenue	<u>2,965,058</u>	<u>(380,449)</u>	<u>2,584,609</u>
Expenses:			
Operating programs:			
Community and family services	946,193	-	946,193
Education of public and professionals	800,906	-	800,906
Technology center	113,232	-	113,232
E-Learning	51,337	-	51,337
Total program services	<u>1,911,668</u>	<u>-</u>	<u>1,911,668</u>
Supporting services:			
Management and general	214,820	-	214,820
Development	241,898	-	241,898
Total supporting services	<u>456,718</u>	<u>-</u>	<u>456,718</u>
Total expenses before in-kind rent expense	<u>2,368,386</u>	<u>-</u>	<u>2,368,386</u>
Change in net assets before in-kind rent expense	596,672	(380,449)	216,223
In-kind rent expense	<u>299,944</u>	<u>-</u>	<u>299,944</u>
Change in net assets	296,728	(380,449)	(83,721)
Net assets, beginning of year	<u>719,043</u>	<u>988,336</u>	<u>1,707,379</u>
Net assets, end of year	<u>\$ 1,015,771</u>	<u>\$ 607,887</u>	<u>\$ 1,623,658</u>

The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grants and contracts	\$ 1,546,357	\$ 152,075	\$ 1,698,432
Contributions and pledges	278,364	263,945	542,309
Program service fees	86,590	-	86,590
Total operating revenue	<u>1,911,311</u>	<u>416,020</u>	<u>2,327,331</u>
Fundraising event revenue:			
Fundraising event revenue	166,904	-	166,904
Less costs of direct benefits to donors	(36,039)	-	(36,039)
Total fundraising event revenue, net	<u>130,865</u>	<u>-</u>	<u>130,865</u>
Other income:			
In-kind income	53,300	32,406	85,706
Investment income:			
Interest income	6,920	-	6,920
Unrealized and realized gain on investments, net	3,994	-	3,994
Loss on disposal of assets	-	-	-
Other revenue	627	-	627
Total other income	<u>64,841</u>	<u>32,406</u>	<u>97,247</u>
Net assets released from restrictions	<u>620,467</u>	<u>(620,467)</u>	<u>-</u>
Total revenue	<u>2,727,484</u>	<u>(172,041)</u>	<u>2,555,443</u>
Expenses:			
Operating programs:			
Community and family services	606,473	-	606,473
Education of public and professionals	915,170	-	915,170
Technology center	137,386	-	137,386
E-Learning	96,406	-	96,406
Total program services	<u>1,755,435</u>	<u>-</u>	<u>1,755,435</u>
Supporting services:			
Management and general	216,775	-	216,775
Development	254,284	-	254,284
Total supporting services	<u>471,059</u>	<u>-</u>	<u>471,059</u>
Total expenses before in-kind rent expense	<u>2,226,494</u>	<u>-</u>	<u>2,226,494</u>
Change in net assets before in-kind rent expense	500,990	(172,041)	328,949
In-kind rent expense	<u>299,943</u>	<u>-</u>	<u>299,943</u>
Change in net assets	201,047	(172,041)	29,006
Net assets, beginning of year	<u>517,996</u>	<u>1,160,377</u>	<u>1,678,373</u>
Net assets, end of year	<u>\$ 719,043</u>	<u>\$ 988,336</u>	<u>\$ 1,707,379</u>

The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2020

	Operating Programs					Supporting Services		Total Supporting Services	Total
	Community and Family Services	Education of Public and Professionals	Technology Center	E-Learning	Total Program	Management and General	Development		
<u>Personnel costs</u>									
Salaries and wages	\$ 612,080	\$ 373,116	\$ 65,551	\$ 35,239	\$ 1,085,986	\$ 139,368	\$ 145,106	\$ 284,474	\$ 1,370,460
Payroll taxes and benefits	112,866	90,941	4,482	10,510	218,799	20,696	41,256	61,952	280,751
Total personnel expenses	<u>724,946</u>	<u>464,057</u>	<u>70,033</u>	<u>45,749</u>	<u>1,304,785</u>	<u>160,064</u>	<u>186,362</u>	<u>346,426</u>	<u>1,651,211</u>
<u>Operating costs</u>									
Subcontractors	4,612	269,397	-	-	274,009	-	-	-	274,009
Occupancy	46,844	38,310	6,583	1,888	93,625	12,124	11,902	24,026	117,651
Professional fees and insurance	46,829	5,851	5,699	1,852	60,231	31,826	14,741	46,567	106,798
Supplies	28,170	3,674	17,638	268	49,750	3,362	1,798	5,160	54,910
Printing and publications	7,107	296	79	-	7,482	-	7,383	7,383	14,865
Specific assistance	32,947	-	-	-	32,947	-	-	-	32,947
Other expenses	22,964	1,706	6,000	303	30,973	1,513	11,295	12,808	43,781
Depreciation and amortization	6,570	4,795	896	472	12,733	1,974	1,883	3,857	16,590
Telephone and communication	3,215	2,044	371	196	5,826	803	816	1,619	7,445
Travel	4,126	4,635	2,854	-	11,615	49	1,081	1,130	12,745
Membership dues	5,044	2,525	336	460	8,365	1,130	1,095	2,225	10,590
Postage and shipping	1,716	498	92	54	2,360	207	2,354	2,561	4,921
Equipment expense	6,314	1,584	171	95	8,164	1,547	374	1,921	10,085
Conferences and trainings	4,789	1,534	2,480	-	8,803	221	814	1,035	9,838
Total operating expenses	<u>221,247</u>	<u>336,849</u>	<u>43,199</u>	<u>5,588</u>	<u>606,883</u>	<u>54,756</u>	<u>55,536</u>	<u>110,292</u>	<u>717,175</u>
Total expenses before in-kind rent	946,193	800,906	113,232	51,337	1,911,668	214,820	241,898	456,718	2,368,386
In-kind rent expense	<u>112,849</u>	<u>111,502</u>	<u>17,058</u>	<u>-</u>	<u>241,409</u>	<u>29,447</u>	<u>29,088</u>	<u>58,535</u>	<u>299,944</u>
Total expenses	<u>\$ 1,059,042</u>	<u>\$ 912,408</u>	<u>\$ 130,290</u>	<u>\$ 51,337</u>	<u>\$ 2,153,077</u>	<u>\$ 244,267</u>	<u>\$ 270,986</u>	<u>\$ 515,253</u>	<u>\$ 2,668,330</u>

The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2019

	Operating Programs					Supporting Services		Total Supporting Services	Total
	Community and Family Services	Education of Public and Professionals	Technology Center	E-Learning	Total Program	Management and General	Development		
Personnel costs									
Salaries and wages	\$ 369,504	\$ 452,113	\$ 85,598	\$ 38,768	\$ 945,983	\$ 142,253	\$ 156,460	\$ 298,713	\$ 1,244,696
Payroll taxes and benefits	74,713	83,442	15,991	13,475	187,621	17,146	43,590	60,736	248,357
Total personnel expenses	<u>444,217</u>	<u>535,555</u>	<u>101,589</u>	<u>52,243</u>	<u>1,133,604</u>	<u>159,399</u>	<u>200,050</u>	<u>359,449</u>	<u>1,493,053</u>
Operating costs									
Subcontractors	6,681	283,522	-	-	290,203	-	-	-	290,203
Occupancy	33,023	45,721	8,750	1,328	88,822	11,219	12,580	23,799	112,621
Professional fees	37,710	10,725	2,674	34,518	85,627	31,424	11,811	43,235	128,862
Supplies	14,034	13,864	15,639	540	44,077	3,261	2,739	6,000	50,077
Printing and publications	9,104	61	444	-	9,609	14	5,135	5,149	14,758
Specific assistance	21,643	100	-	-	21,743	-	-	-	21,743
Other expenses	17,886	2,921	1,195	6,060	28,062	4,547	10,739	15,286	43,348
Depreciation and amortization	4,099	5,443	998	188	10,728	1,658	1,856	3,514	14,242
Telephone and communication	1,691	3,974	428	63	6,156	708	772	1,480	7,636
Travel	7,441	7,617	1,361	-	16,419	678	1,786	2,464	18,883
Membership dues	2,862	2,612	312	14	5,800	1,229	1,174	2,403	8,203
Postage and shipping	2,654	657	126	11	3,448	278	1,806	2,084	5,532
Equipment expense	1,238	313	1,751	1,351	4,653	157	822	979	5,632
Conferences and trainings	2,190	2,085	2,119	90	6,484	2,203	3,014	5,217	11,701
Total operating expenses	<u>162,256</u>	<u>379,615</u>	<u>35,797</u>	<u>44,163</u>	<u>621,831</u>	<u>57,376</u>	<u>54,234</u>	<u>111,610</u>	<u>733,441</u>
Total expenses before in-kind rent	606,473	915,170	137,386	96,406	1,755,435	216,775	254,284	471,059	2,226,494
In-kind rent expense	<u>80,321</u>	<u>125,853</u>	<u>22,437</u>	<u>5,116</u>	<u>233,727</u>	<u>28,723</u>	<u>37,493</u>	<u>66,216</u>	<u>299,943</u>
Total expenses	<u>\$ 686,794</u>	<u>\$ 1,041,023</u>	<u>\$ 159,823</u>	<u>\$ 101,522</u>	<u>\$ 1,989,162</u>	<u>\$ 245,498</u>	<u>\$ 291,777</u>	<u>\$ 537,275</u>	<u>\$ 2,526,437</u>

The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.
Statements of Cash Flows

	For the Year Ended June 30,	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (83,721)	\$ 29,006
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	16,590	14,242
Change in present value discount of in-kind rent receivable	(21,704)	(32,406)
In-kind rent expense	299,944	299,943
Unrealized and realized gains on investments	(7,095)	(4,060)
Donated property and equipment	-	(69,800)
Changes in operating assets and liabilities:		
Grants and accounts receivable	(81,200)	24,602
Pledges receivable	3,392	44,256
Prepaid expenses	(498)	153
Deposits	-	1,227
Accounts payable and accrued expenses	56,593	(27,763)
Deferred revenue	30,000	-
Net cash provided by operating activities	<u>212,301</u>	<u>279,400</u>
Cash flows from investing activities:		
Proceeds from sale of investments	-	4,341
Purchases of investments	(245,864)	(5,675)
Net cash used by investing activities	<u>(245,864)</u>	<u>(1,334)</u>
Cash flows from financing activities:		
Payments on capital lease obligations	(1,642)	(5,147)
Proceeds from notes payable	250,000	-
Net cash provided (used) by financing activities	<u>248,358</u>	<u>(5,147)</u>
Increase in cash and cash equivalents	214,795	272,919
Cash and cash equivalents, beginning of year	822,327	549,408
Cash and cash equivalents, end of year	<u>\$ 1,037,122</u>	<u>\$ 822,327</u>

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 16	\$ 162
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Supplemental disclosure of non-cash transactions

Acquisition of assets through capital lease obligation	\$ 6,970	\$ -
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The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 1 - Organization and programs:

Description of organization

Parents Helping Parents, Inc. (the “Organization”) is a nonprofit public benefit corporation incorporated in March of 1980. The Organization has been helping families of children with special needs since 1976. Its mission is to help children and adults with special needs receive support and services they need to reach their full potential by providing information, training, and resources to build strong families and improve systems of care. In fiscal year 2019-20 Parents Helping Parents provided nearly 20,000 services to over 5,800 families and professionals to help change the course of their children’s lives. The Organization has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d). The Organization is supported primarily through contributions, grants and fees.

Operating programs

Community and family services - Relates to expenses of the Organization to provide information and resources to parents having children with special needs and to the professionals who serve them.

Education of public and professionals - Includes expenses incurred by the Organization to provide a wide range of services to help parents better understand, support, and advocate for their children in special education programs.

Technology center - Represents program expenses relating to the Organization’s iTech center, which offers parents and professionals trainings as well as an opportunity to gain hands-on experience with assistive devices and instructional software, before making a decision on which ones best suit their needs.

E-learning - Represents program expenses relating to the Organization’s group of educational videos, which offers quick and easy information covering topics like special education basics, requesting an assessment from your school district, Individualized Education Program (“IEP”) meeting preparation, and assistive technology. We also have videos on public benefits.

Supporting services

Management and general - Includes direct business management salaries, related expenses and indirect allocations of other expenses identified which include a component of general administration.

Development - Includes expenses relating to the Organization’s fundraising efforts to continue to provide the structure necessary to encourage and secure public financial report.

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 2 - Summary of significant accounting policies:

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation - The Organization presents information regarding its financial position and activities according to two classes of net assets:

- *Without donor restrictions* - the portion of net assets which are available to support all activities of the Organization without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation.
- *With donor restrictions* - the portion of net assets which represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or other restrictions and for which the applicable restriction was not met as of the end of the current reporting period. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities and Changes in Net Assets as assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as net assets without donor restrictions.

Use of estimates - The preparation of financial statements 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. Significant estimates used in preparing these financial statements include the useful lives of property and equipment and the allocation of expenses by function. Actual results could differ from these estimates.

Revenue recognition - Contributed support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other contributed support is recognized as revenue when received or un-conditionally promised. The Organization reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets.

Promises to give, that are expected to be collected in future years, are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, is included in contribution revenue. Conditional promises to give, if any, are not included as support until the conditions are substantially met.

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 2 - Summary of significant accounting policies (continued):

Revenue recognition (continued) - Grant and contract revenues are recognized on a monthly basis as the Organization provides services to federal, state, local and other non-profit organizations. The revenue is recognized by providing the entity's with an invoice detailing services performed.

In-kind contributions - Significant donated equipment, facility and other goods are recorded at estimated fair value at the date of receipt. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their estimated fair market value at the time the services are rendered. In addition, a substantial number of volunteers have contributed significant amounts of time in promoting the Organization's programs. The value of contributed volunteer services has not been recognized in the accompanying financial statements because such volunteer services do not require specialized skills.

Functional expense allocations - The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Certain costs are allocated between programmatic and support services based on estimates of time, space, or other factors. Salaries and fringe benefits are allocated on a percentage basis between functional categories based on job description or time estimates. Salary allocation percentages are also used to allocate certain indirect costs, including but not limited to facilities expenses, office supplies and equipment, information technology expenses and depreciation.

Cash and cash equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of their acquisition date.

Investments - All investments are valued in accordance with Generally Accepted Accounting Principles ("GAAP"), including Fair Value Measurements. The Organization invests primarily in mutual funds. All mutual funds are carried at quoted market prices as of the last trading date of the Organization's fiscal year. The Organization's Board of Directors has established an investment policy. Contributions of investments are recorded at estimated fair value at the date of donation. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from the sales or maturities are the differences between the investment's cost basis and the sale or maturity settlement of the investment. Dividend and interest income are accrued when earned. The Organization may have risk associated with its concentration of investments in one geographic region and in certain industries.

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 2 - Summary of significant accounting policies (continued):

Grants and accounts receivables - Grants receivable consist of amounts that have been invoiced by the Organization to other federal and non-profit organizations that have not been collected at year-end. All grants are expected to be received within the next 12 months. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Conditional grants collected in advance are recognized as deferred revenue and are only recognized in the Statement of Activities and Changes in Net Assets after conditions have been satisfied. There was one conditional grant for approximately \$30,000 at June 30, 2020. There were no conditional grants for the fiscal year ended June 30, 2019.

Pledges receivable and allowance for doubtful accounts - Pledges receivable consist of receivables relating to annual fundraising campaigns to support the major programs of the Organization. Pledges receivable are carried at pledge amounts less an estimate made for doubtful receivables. The Organization uses the allowance method to determine uncollectible trade receivables. The allowance is based on prior years' experience and management's analysis of specific receivables. The financial statements reflect these receivables net of the allowance reserve. When an account is determined uncollectible, it is deducted from the accounts receivable and charged to expense. For the year ended June 30, 2020 there were no allowance for doubtful accounts. The allowance for doubtful accounts as of June 30, 2019 was approximately \$1,000.

Unconditional promises to give are promises that depend only on the passage of time or the demand by the promisor for performance. Unconditional promises to give, which are not expected to be collected until after the year contributed, are reflected in the accompanying financial statements as pledges receivable and revenue in the appropriate net asset category. A conditional promise to give is a promise that depends on the occurrence of a specified future and uncertain event to bind the promisor. Conditional promises to give are not included as support until the conditions are substantially met. There were no conditional promises to give for the year ended June 30, 2020. There was one conditional promise to give of \$50,000 for the year ended June 30, 2019.

Fair value of financial instruments - Financial instruments included in the Organization's Statement of Financial Position as of June 30, 2020 and 2019 include cash and cash equivalents, receivables, investments, accounts payable and accrued expenses, and investments. The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued expenses approximate their fair values due to their short maturities. The fair values of the Organization's line of credit is based on the borrowing rates currently available to the Organization for debt with similar terms and average maturities and, accordingly, approximate their carrying value. Investments are reflected in the accompanying statement of financial position at their estimated fair values using methodologies described above.

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 2 - Summary of significant accounting policies (continued):

Prepaid expenses - Prepaid expenses and other assets include payments for lease deposits, contracts and program related activities.

In-kind receivables - The portion of receivables expected to be collected during a period extending beyond one year is classified as a non-current receivable and is discounted to reflect the current value of the amount to be received. The Organization received an in-kind donation of office rent for the period extending from June 30, 2018 to 2021. The estimated fair value of in-kind office rent, which will be realized during fiscal year-ending June 30, 2019, has been classified as a current in-kind receivable (see Note 5).

Property and equipment - Property and equipment are stated at cost less accumulated depreciation and amortization. Acquisitions of items in excess of \$5,000 are capitalized. Significant donated items are recorded at estimated fair value at the date of receipt. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of land, buildings and equipment are recorded as support without restrictions. Major repairs and replacements, which extend the useful lives of equipment, are capitalized and depreciated over the estimated remaining useful lives of the property. All other maintenance and repairs are expensed as incurred.

Depreciation and amortization - Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease. Property under capital leases is amortized over the lives of the respective leases or the estimated useful lives of the assets, whichever is shorter.

Federal awards - Federal awards consist of funds received from the federal government for specific education, technology, community and family services projects. Substantially all of the Organization's federal award revenue is derived from cost reimbursement grants, which are billed to the grantor after costs have been incurred. Federal award revenue and unbilled federal awards are recognized to the extent the related costs are incurred.

Federal awards are subject to review and audit by the grantor agencies in accordance with the Single Audit Act and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Although such audits could result in expenditure disallowances under terms of the grants, the Organization is not currently under audit from any grantor agency.

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 2 - Summary of significant accounting policies (continued):

Concentration of credit risk - Financial instruments that potentially subject the Organization to credit risk consist primarily of uninsured cash and cash equivalents, grants and accounts receivables and investments. The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments, and money market funds. These accounts are insured up to \$250,000 per depositor by an agency of the federal government. At times, such amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits.

The credit risk associated with receivables is mitigated by the fact that the receivables are generally related to government grants and contracts that have already been earmarked for the Organization. Additionally, any receivables that are expected to be collected after one year have been discounted and are reflected in the financial statements at their net present value. The Organization's investments have been placed with high quality financial institutions. The Organization monitors these investments and has not experienced significant credit losses. It is the Organization's opinion that it is not exposed to any significant credit risks.

Revenue concentration - During the years ended June 30, 2020 and 2019, the Organization's one major revenue source, was the U.S. Department of Education, which accounted for 35% and 41%, respectively, of the total revenue. The U.S. Department of Education provided three separate grants to the Organization that make up the total concentration, see page 29 for details.

Receivable concentration - During the year ended June 30, 2020 and 2019, three donors comprised of approximately 89% and 87%, respectively, of the Organization's total grants and accounts receivable.

Reclassification - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Accounting for uncertainty in income taxes - The Organization evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position for all uncertain tax positions in the aggregate could differ from the amount recognized. Management did not identify any uncertain tax positions as of June 30, 2020 and 2019.

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 2 - Summary of significant accounting policies (continued):

Recently adopted accounting guidance - During the year, the Organization adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the years ending June 30, 2020 and 2019 are presented under FASB ASU 2018-08. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

Recent accounting pronouncements - In September 2020, FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU is meant to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profit entities (“NFP”), including additional disclosure requirements for recognized contributed services. This ASU requires that all NFP receiving nonfinancial assets must present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The ASU also requires further disclosure on the contributed nonfinancial assets in the notes to the financial statements. The ASU will be applied retrospectively and is effective for fiscal years beginning after June 15, 2021, and interim periods beginning after June 15, 2022. Early adoption is permitted. Management has not yet evaluated the impact of the guidance on the Organization’s financial statements.

In August 2018, FASB issued ASU 2018-13, Fair Value Measurements: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements. This ASU modifies the disclosure requirements for fair value measurements. Those modifications include the removal and addition of disclosure requirements as well as clarifying specific disclosure requirements. The ASU is effective for fiscal years beginning after December 15, 2019. Certain provisions of the ASU will be applied prospectively while the rest of the provisions will be applied retrospectively. Management has not yet evaluated the impact of the guidance on the Organization’s financial statements.

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 2 - Summary of significant accounting policies (continued):

Recent accounting pronouncements (continued) - In February 2016, the FASB issued ASU No. 2016-02 "Leases." The ASU is intended to increase transparency and comparability between organizations recognizing lease assets and liabilities by recognizing lease assets and lease liabilities on the balance sheet and increasing the related disclosures. For non-public entities, the effective date will be effective for annual reporting periods beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022. Early application is permitted. The adoption of this guidance is not expected to have a material impact on the Organization's financial statements. Management has not yet evaluated the impact of the guidance on the Organization's financial statements.

In May 2014, the FASB issued ASU No. 2014-09 "Revenue from Contracts with Customers (Topic 606)". The ASU provides guidance over the core principle of recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods. ASU 2014-09 will supersede the revenue recognition requirements in FASCY Accounting Standard Codification ("ASC") 605, "Revenue Recognition", and most industry-specific guidance throughout the Industry Topics of the FASB ASC. The purpose of the new standard is to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S., GAAP and International Financial Reporting Standards. In August 2015, the FASB issued ASU 2015-14 "Revenue from contracts with Customers (Topic 606): Deferral of the Effective Date" which will defer the effective date of ASU No. 2014-09 "Revenue from Contracts with Customers". The effective date is if for annual periods beginning after December 13, 2019. Management has not yet evaluated the impact of the guidance on the Organization's financial statements.

Subsequent events - Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued and it has been determined that no material subsequent events that require an estimate to be recorded or disclosed as of June 30, 2020.

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 3 - Liquidity and availability of funds:

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,037,122	\$ 822,327
Investments	407,209	154,251
Grants and accounts receivable	224,066	142,866
Pledges receivable	<u>-</u>	<u>3,392</u>
Total financial assets	1,668,397	1,122,836
Less amounts unavailable for general expenditures within one year, due to:		
Board designations	30,974	25,321
Net assets with donor restrictions	<u>343,514</u>	<u>445,724</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>1,293,909</u>	\$ <u>651,791</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Included in cash and cash equivalents are board designated net assets of approximately \$31,000 and \$25,000, respectively, for the years ended June 30, 2020 and 2019. Although the Organization does not intend to spend from its board designated funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board designated net assets could be made available if necessary.

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 4 - Investments:

The Organization follows the provisions of the Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. At June 30, 2020 and 2019, the Organization was invested in Level 1 investments and had no investment in Level 2 and Level 3 investments. The Organization's investments were measured using quoted prices in active markets for identical assets (Level 1). At June 30, 2020 and 2019, the Organization's investments were recorded in large blend mutual funds.

Note 5 - In-kind rent receivable - use of facility:

On May 31, 2018 the Organization entered into a three-year lease with another charitable organization for the use of an office space to conduct operations for \$1 per month. The receivable for the contributed use of the office space reflects the fair value for three-years. The Organization has recognized in-kind contribution revenue and an in-kind receivable for the present value of the promise with the annual maturity recognized as rent expense. The receivable was recorded after discounting the future cash flows using a discount rate of 4%. The total facility rent expense was approximately \$300,000 for the years ended June 30, 2020 and 2019, respectively. The lease agreement ends in 2021 and the net remaining rent receivable of approximately \$264,000 will be recognized in fiscal year ending June 30, 2020:

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 6 - Property and equipment, net:

Property and equipment, including equipment under capital leases, consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 156,817	\$ 156,817
Equipment	104,410	115,902
Furniture and fixtures	<u>700</u>	<u>700</u>
Total property and equipment	261,927	273,419
Less: accumulated depreciation and amortization	<u>(104,031)</u>	<u>(105,903)</u>
Property and equipment, net	<u>\$ 157,896</u>	<u>\$ 167,516</u>

Depreciation and amortization expense was approximately \$17,000 and \$14,000 for the years ended June 30, 2020 and 2019, respectively.

Note 7 - Capital lease obligations:

In February 2020, the Organization entered into a capital lease agreement for equipment with a cost of approximately \$7,000 and related accumulated depreciation of approximately \$300. The lease requires monthly payments of approximately \$170 and bears interest at 16% per annum.

At June 30, 2020, the present values of future minimum payments under the agreements were as follows:

Year Ending June 30,	<u>Amount</u>
2021	\$ 2,076
2022	2,076
2023	2,076
2024	2,076
2025	<u>1,038</u>
Total payment	9,342
Less amounts representing interest	<u>(2,702)</u>
Present value of minimum lease payments	6,640
Less portion due within one year	<u>(1,097)</u>
Portion due after one year	<u>\$ 5,543</u>

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 8 - Notes Payable:

On April 22, 2020, the Organization secured a loan in the amount of \$250,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses based on average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and meets certain criteria. The Small Business Administration and the lender establish these criteria.

The unforgiven portion of the PPP loan is payable over two years, at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. The Organization also intends for the proceeds to be used and forgiven within a year and has recognized the loan as a current liability on the Statement of Financial Position. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, management cannot assure that it will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

Note 9 - Net assets with donor restrictions:

The net assets with donor restrictions activities for the year ended June 30, 2020 were as follows:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2020</u>
Subject to expenditure through passage of time:				
In-kind rent receivable	\$ 542,612	\$ 21,704	\$ (299,943)	\$ 264,373
Future year donor pledges	<u>4,392</u>	<u>-</u>	<u>(4,392)</u>	<u>-</u>
Total time restrictions	547,004	21,704	(304,335)	264,373
Subject to expenditure for a specific purpose:				
Grants and contributions for projects	341,332	283,037	(380,855)	243,514
Volunteer support	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total purpose restrictions	441,332	283,037	(380,855)	343,514
Total net assets with donor restriction	\$ <u>988,336</u>	\$ <u>304,741</u>	\$ <u>(685,190)</u>	\$ <u>607,887</u>

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 9 - Net assets with donor restrictions (continued):

The net assets with donor restrictions activities for the year ended June 30, 2019 were as follows:

	<u>June 30, 2018</u>		<u>Additions</u>		<u>Releases</u>		<u>June 30, 2019</u>
Subject to expenditure through passage of time:							
In-kind rent receivable	\$ 834,594	\$	32,406	\$	(324,388)	\$	542,612
Future year donor pledges	<u>-</u>		<u>4,392</u>		<u>-</u>		<u>4,392</u>
	834,594		36,798		(324,388)		547,004
Subject to expenditure for a specific purpose:							
Grants and contributions for projects	225,783		411,628		(296,079)		341,332
Volunteer support	<u>100,000</u>		<u>-</u>		<u>-</u>		<u>100,000</u>
Total purpose restrictions	325,783		411,628		(296,079)		441,332
Total net assets with donor restriction	\$ <u>1,160,377</u>	\$	<u>448,426</u>	\$	<u>(620,467)</u>	\$	<u>988,336</u>

Note 10 - Contingency:

Contingency: grant awards - Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Organization's management is not aware of any non-compliance with grant terms of all grants.

Contingency: COVID-19 - On March 11, 2020, the World Health Organization declared that the spread of the coronavirus disease ("COVID-19") has become a pandemic. On March 13, 2020, the President of the United States announced a national emergency in response to the COVID-19 outbreak. In response to these two announcements, many businesses have closed their doors in order to assist in the containment of the virus for the next several months. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on their customers, employees and vendors, all of which are uncertain and cannot be predicted. At the date of the independent accountants' audit report, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain, however management is confident the Organization will continue as a going concern.

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2020

Note 11 - Retirement plan:

The Organization participates in a defined contribution plan (the “Plan”) under Section 401(k) of the Internal Revenue Code. The Plan is for the benefit of all eligible employees of the Organization who qualify under the participation requirements. The Plan also allows for an employer matching contribution. No employer contributions were made during the years ended June 30, 2020 and 2019.

Note 12 - Related-party transactions:

The members of the Board of Directors of the Organization are active in oversight of fundraising events, activities, and in making private contributions. Contributions received from the Board of Directors or from companies with which the Board of Directors are affiliated, were approximately \$32,000 for the year ended June 30, 2020 and 2019.

SUPPLEMENTARY INFORMATION



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

To the Board of Directors of
Parents Helping Parents, Inc.
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Parents Helping Parents, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, 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 November 12, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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 (CONTINUED)

To the Board of Directors of
Parents Helping Parents, Inc.
San Jose, California

Compliance and Other Matters

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

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.

 Robert Lee & Associates, LLP

San Jose, California
November 12, 2020



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

To the Board of Directors of
Parents Helping Parents, Inc.
San Jose, California

Report on Compliance for Each Major Federal Program

We have audited Parents Helping Parents, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2020. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

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

To the Board of Directors of
Parents Helping Parents, Inc.
San Jose, California

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

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

To the Board of Directors of
Parents Helping Parents, Inc.
San Jose, California

Report on Internal Control over Compliance (Continued)

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

 Robert Lee & Associates, LLP

San Jose, California
November 12, 2020

PARENTS HELPING PARENTS, INC.

**Single Audit Reports
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA number	Grant identifying number	Federal Program Expenditures	Passed through to subrecipients
<u>EXPENDITURES OF FEDERAL AWARDS:</u>				
U.S. Department of Education:				
Special Education - Parent Training and Information Center *	84.328M	H328M150030	\$ 484,996	\$ 269,397
Total Parent Training and Information Center			484,996	269,397
Early Intervention Services (IDEA)				
Passed-through Programs from California				
Department of Developmental Services:				
Special Education - Grant for Infants and Families	84.181	H181A140037	178,835	-
Total Early Intervention Services			178,835	-
Special Education (IDEA) Cluster:				
Passed through the California Department of Education:				
Special Education - Grants to States	84.027A	H027A190116	202,031	-
Total Special Education Cluster			202,031	-
Total U.S. Department of Education			865,862	269,397
Total Expenditures of Federal Awards			\$ 865,862	\$ 269,397

* Denotes a major program

PARENTS HELPING PARENTS, INC.
Single Audit Reports
Notes to the Schedule of Expenditures and Federal Awards
Year Ended June 30, 2020

Note 1 - Organization and operations:

Description of Organization

Parents Helping Parents, Inc. (the “Organization”) is a nonprofit public benefit corporation incorporated in March of 1980. The Organization has been helping families of children with special needs since 1976. Its mission is to help children and adults with special needs receive support and services they need to reach their full potential by providing information, training, and resources to build strong families and improve systems of care. In fiscal year 2019-20 Parents Helping Parents provided nearly 20,000 services to over 5,800 families and professionals to help change the course of their children’s lives. The Organization is supported primarily through contributions, grants and fees.

The Organization has received a determination letter from the Internal Revenue Service that it is exempt from federal taxation under Section 501(c) (3) of the U.S. Internal Revenue Code. The Organization is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

Note 2 - Summary of significant accounting policies:

Basis of accounting - Expenditures in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, OMB Circular A-122 *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The information in the accompanying Schedule of Expenditures of Federal Awards (“SEFA”) includes the federal grant and loan activity of the Organization under programs of the federal government for the year ending June 30, 2020. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the financial statements.

PARENTS HELPING PARENTS, INC.

Single Audit Reports

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Parents Helping Parents, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the basic financial statements.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the financial statements.
5. The auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for the Organization is reported in Part C of this Schedule below.
7. The programs tested as major programs include:

<u>Major Program</u>	<u>CFDA</u>	<u>Expenditures</u>
Special Education - Parent Training and Information Center	84.328M	\$ <u>484,996</u>
Total Major Program Expenditures		<u>484,996</u>
Total Federal Award Expenditures		\$ <u>865,862</u>
Percent of Total Federal Award Expenditures		<u>56%</u>

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Organization was determined to be a low risk auditee.

PARENTS HELPING PARENTS, INC.
Single Audit Reports
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2020

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Current Year Findings

No financial statements audit findings noted in the current year.

Prior Year Findings

No financial statements audit findings noted in the prior year.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

Current Year Findings

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Prior Year Findings

There are no prior year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.