**Parents Helping Parents, Inc.**

**Report on Audit of the Financial Statements and Federal Award Program in Accordance with the OMB Uniform Guidance**

**June 30, 2021**

Frank, Rimerman + Co. LLP

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Frank, Rimerman + Co. LLP

Board of Directors and Audit Committee
Parents Helping Parents, Inc.
San Jose, California

Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

**Report on the Financial Statements**

We have audited the accompanying financial statements of Parents Helping Parents, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether these financial statements are free of material misstatement.

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

**Opinion**

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

**Other Matters**

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 award, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements 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 a report dated November 19, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Frank, Rimerman & Co. LLP

San Jose, California
November 19, 2021

**Parents Helping Parents, Inc.**
**Statement of Financial Position**
**June 30, 2021**

ASSETS

| | | |
|---|---|---|
| Current Assets | | |
| Cash and cash equivalents | $ | 906,981 |
| Grants receivable | | 219,017 |
| Prepaid expenses | | 7,302 |
| Investments | | 644,734 |
| Total current assets | | 1,778,034 |
| Property and Equipment, net | | 141,362 |
| Deposits | | 14,283 |
| Total assets | $ | 1,933,679 |

LIABILITIES AND NET ASSETS

| | | |
|---|---|---|
| Current Liabilities | | |
| Accounts payable | $ | 56,688 |
| Accrued expenses | | 188,985 |
| Capital lease obligation, current | | 1,285 |
| Total current liabilities | | 246,958 |
| Capital Lease Obligation, noncurrent | | 4,258 |
| Net Assets | | |
| Without donor restrictions | | 1,426,034 |
| With donor restrictions | | 256,429 |
| Total net assets | | 1,682,463 |
| Total liabilities and net assets | $ | 1,933,679 |

**Parents Helping Parents, Inc.**
**Statement of Activities and Change in Net Assets**
**Year Ended June 30, 2021**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Public Support and Revenue | | | |
| Grants and contracts | $ 1,376,564 | $ - | $ 1,376,564 |
| Contributions and pledges | 680,666 | 101,329 | 781,995 |
| Program service fees | 233,535 | - | 233,535 |
| In-kind contributions | 151,317 | - | 151,317 |
| Net assets released from restrictions | 483,761 | (483,761) | - |
| Total public support and revenue | 2,925,843 | (382,432) | 2,543,411 |
| Expenses | | | |
| Program services: | | | |
| Community and family services | 1,259,436 | - | 1,259,436 |
| Education of public and professionals | 819,385 | - | 819,385 |
| Technology center | 80,370 | - | 80,370 |
| E-Learning | 50,025 | - | 50,025 |
| Support services: | | | |
| Management and general | 284,052 | - | 284,052 |
| Development | 280,448 | - | 280,448 |
| Total expenses | 2,773,716 | - | 2,773,716 |
| Change in net assets from operations | 152,127 | (382,432) | (230,305) |
| Other Income | | | |
| Gain on note forgiveness | 250,000 | - | 250,000 |
| Net return on investments | 37,537 | - | 37,537 |
| Interest income | 1,573 | - | 1,573 |
| Total other income | 289,110 | - | 289,110 |
| Change in Net Assets | 441,237 | (382,432) | 58,805 |
| Net Assets, June 30, 2020 | 984,797 | 638,861 | 1,623,658 |
| Net Assets, June 30, 2021 | $ 1,426,034 | $ 256,429 | $ 1,682,463 |

**Parents Helping Parents, Inc.**
**Statement of Functional Expenses**
**Year Ended June 30, 2021**

| | Community and Family Services | Education of Public and Professionals | Technology Center | E-Learning | Total Program Services | Management and General | Development | Total Support Services | Total |
|---|---|---|---|---|---|---|---|---|---|
| Salaries and wages | $ 737,675 | $ 352,709 | $ 46,855 | $ 34,343 | $ 1,171,582 | $ 162,114 | $ 152,168 | $ 314,282 | $ 1,485,864 |
| Payroll taxes and benefits | 115,910 | 94,719 | 5,522 | 6,664 | 222,815 | 22,660 | 44,659 | 67,319 | 290,134 |
| In-kind rent expense | 207,897 | 101,183 | 15,649 | 7,865 | 332,594 | 39,407 | 37,647 | 77,054 | 409,648 |
| Subcontractors | - | 246,742 | - | - | 246,742 | - | - | - | 246,742 |
| Professional fees and insurance | 60,105 | 15,409 | 2,423 | 358 | 78,295 | 36,345 | 13,772 | 50,117 | 128,412 |
| Specific assistance | 64,932 | - | - | - | 64,932 | - | - | - | 64,932 |
| Equipment | 19,204 | - | - | - | 19,204 | 8,034 | 3,229 | 11,263 | 30,467 |
| Community relations | 12,319 | 75 | 5,000 | 23 | 17,417 | 1,062 | 464 | 1,526 | 18,943 |
| Printing and publications | 3,937 | 301 | 43 | 30 | 4,311 | 142 | 12,156 | 12,298 | 16,609 |
| Depreciation and amortization | 8,216 | 3,917 | 547 | 378 | 13,058 | 1,773 | 1,703 | 3,476 | 16,534 |
| Miscellaneous | 4,692 | - | 12 | - | 4,704 | 257 | 8,646 | 8,903 | 13,607 |
| Supplies | 4,264 | 465 | 2,624 | 78 | 7,431 | 3,061 | 1,171 | 4,232 | 11,663 |
| Membership dues | 6,657 | 1,628 | 119 | 80 | 8,484 | 819 | 704 | 1,523 | 10,007 |
| Conferences and trainings | 6,547 | 90 | 1,280 | - | 7,917 | 349 | 587 | 936 | 8,853 |
| Telephone and communication | 4,606 | 1,766 | 246 | 171 | 6,789 | 819 | 768 | 1,587 | 8,376 |
| Legal | - | - | - | - | - | 6,000 | - | 6,000 | 6,000 |
| Postage and shipping | 2,475 | 381 | 50 | 35 | 2,941 | 307 | 2,545 | 2,852 | 5,793 |
| Occupancy | - | - | - | - | - | 903 | 229 | 1,132 | 1,132 |
| Total expenses | $ 1,259,436 | $ 819,385 | $ 80,370 | $ 50,025 | $ 2,209,216 | $ 284,052 | $ 280,448 | $ 564,500 | $ 2,773,716 |
| Percent of Expenses | 45% | 30% | 3% | 2% | 80% | 10% | 10% | 20% | 100% |

See Notes to Financial Statements

**Parents Helping Parents, Inc.**
**Statement of Cash Flows**
**Year Ended June 30, 2021**

| | |
|---|---|
| Cash Flows from Operating Activities | |
| Change in net assets | $ 58,805 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation and amortization | 16,534 |
| Net return on investments | (37,537) |
| Gain on note forgiveness | (250,000) |
| Change in in-kind rent receivable | 264,373 |
| Changes in operating assets and liabilities: | |
| Grants receivable | 5,049 |
| Prepaid expenses | (42) |
| Accounts payable | 31,921 |
| Accrued expenses | 11,841 |
| Deferred revenue | (30,000) |
| Net cash provided by operating activities | 70,944 |
| Cash Flows from Investing Activities | |
| Purchase of investments | (199,988) |
| Net cash used by investing activities | (199,988) |
| Cash Flows from Financing Activities | |
| Payment on capital lease obligations | (1,097) |
| Net cash used by financing activities | (1,097) |
| Net Decrease in Cash and Cash Equivalents | (130,141) |
| Cash and Cash Equivalents, June 30, 2020 | 1,037,122 |
| Cash and Cash Equivalents, June 30, 2021 | $ 906,981 |

See Notes to Financial Statements

1. Organization and Nature of Business

Parents Helping Parents, Inc. (the Organization) is a not-for-profit organization founded in 1980 with the primary purpose to help children and adults with special needs receive support and services they need to reach their full potential. The Organization provides information, training, and resources to build strong families and improve systems of care.

The Organization's program activities are categorized based on the following four initiatives:

**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 parent and professional trainings as well as an opportunity to gain hands-on experience with assistive devices and instructional software, before making a decision on which one best suits 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 meeting preparation, and assistive technology. The Organization also has videos on public benefits.

2. Significant Accounting Policies

*Basis of Presentation:*

The Organization presents its financial statements on the accrual method of accounting under accounting principles generally accepted in the United States of America (GAAP).

2. Significant Accounting Policies (continued)

*Basis of Presentation:* (continued)

The Organization segregates its assets, liabilities and operations into two categories: without donor restrictions and with donor restrictions. The Organization's net assets and changes therein are classified and reported as follows:

> Net assets without donor restrictions consist of net assets for which there are no donor-imposed restrictions or such donor-imposed restrictions were temporary and expired during the current or previous periods. Net assets designated for specific purposes by the Board of Directors are classified as without donor restrictions.
>
> Net assets with donor restrictions consist of amounts receivable or received that are restricted for specific purposes or for subsequent periods. Some contributions received from donors may be required to be maintained in perpetuity, while others expire over time or when the donor-imposed restriction is satisfied. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

*Use of Estimates:*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of support, revenue and expenses in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Revenue Recognition:*

The Organization recognizes revenue from its revenue-generating activities under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (Topic 606). The Organization determines revenue recognition through the following steps:

- Identification of the grant or contract with a grantor or customer
- Identification of the performance obligations in the grant or contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the grant or contract
- Recognition of revenue when, or as, the Organization satisfies a performance obligation

2. Significant Accounting Policies (continued)

*Reimbursement Grants:*

The Organization recognizes revenue through multiple grant agreements whereby funding is based on the expenses incurred. Invoices are submitted to the grantors monthly for reimbursement and revenue is recognized as the costs are incurred.

*Program Income:*

Program income consists of service fees from clients for courses offered by the Organization. Revenue from these sources are recognized in the year in which the service is performed.

*Public Support:*

The Organization recognizes contributions and promises in accordance with FASB Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

The Organization accounts for contributions and promises to give in accordance with accounting standards for not-for-profit organizations. GAAP require contributions received, including unconditional promises to give (pledges), be recognized as support in the period the pledge is made. GAAP also require the Organization to distinguish between contributions and pledges received that increase net assets with donor restrictions and net assets without donor restrictions, with recognition being made of expiration of donor-imposed restrictions in the period in which the restrictions expire.

*In-kind Contributions:*

The Organization occupies a building for which it is charged below-market rent. The Organization records the fair value of donated rent annually, which is the difference between the fair value of the lease and the amount of rent paid (Note 6).

*Cash and Cash Equivalents:*

The Organization considers all short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

2. Significant Accounting Policies (continued)

*Investments and Investment Income:*

Investments are presented at fair value based on prices quoted on established securities exchanges. Investment income represents interest and dividends earned and net investment gains, less external and direct internal investment-related expenses. Realized gains and losses on investments are calculated as the difference between proceeds received and the original cost of the investment. Unrealized gains and losses represent the difference between the fair value of investments at year end and their cost basis, if purchased during the year, or their fair value at the beginning of the year. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

*Concentration of Credit Risk and Major Donors:*

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist primarily of cash and cash equivalents, investments, and grants and pledges receivable. The Organization maintains its cash and cash equivalents with a major financial institution. The Federal Deposit Insurance Corporation (FDIC) insures these deposits up to $250,000. From time to time, cash and cash equivalents held with the financial institution exceeded the amount insured by the FDIC. Management believes its cash and cash equivalent deposits are not exposed to significant risk. The Organization has not experienced any losses on its cash and cash equivalents through June 30, 2021.

The Organization maintains its investments at a major brokerage firm. The Securities Investor Protection Corporation insures these investments up to $250,000. At June 30, 2021, investments exceeded the insured amount. The Organization has not experienced any losses on its investments through June 30, 2021.

Grants receivable are unsecured; however, the Organization provides an allowance, as needed, for losses arising from uncollectible receivables based upon the historical collection experience and management’s evaluation of collectability of outstanding balances. The Organization considers its grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary at June 30, 2021.

2. Significant Accounting Policies (continued)

*Concentration of Credit Risk and Major Donors:* (continued)

Major grantors and donors are defined as those contributing over 10% of the Organization's annual support. The Organization had one major grantor in fiscal 2021. Funding from the major grantor accounted for 36% of total support in fiscal 2021. The amount receivable from the major grantor was $199,785 at June 30, 2021. The Organization does not believe it is dependent on any one individual grantor or donor in the long-term.

*Property and equipment:*

The Organization capitalizes property and equipment in excess of $5,000. Donated property and equipment are recorded at estimated fair value on the date of donation. Property and equipment is recorded at cost less accumulated depreciation. The Organization depreciates property and equipment using the straight-line method over the estimated useful lives of the assets, generally two to seven years.

*Advertising Costs:*

The Organization expenses advertising and promotion costs as incurred. Advertising expense was $5,600 in 2021.

*Income Taxes:*

The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code), as an organization described in Section 501(c)(3) of the Code, and from California income taxes under Section 23701(d) of the California Revenue and Taxation Code. Although the Organization is recognized as tax exempt, it is still liable for income tax on any unrelated business taxable income (UBTI). The Organization does not believe it has UBTI that would result in a material income tax liability.

The Organization applies the provisions set forth in FASB ASC Topic 740, *Income Taxes*, to account for the uncertainty in income taxes. The Organization has assessed all income tax positions taken where the statute of limitation remains open. The Organization believes its tax filing positions will be sustained upon tax examinations; therefore, no liability for unrecognized income tax benefits has been recorded at June 30, 2021. The Organization does not anticipate any significant increases or decreases to unrecognized income tax benefits during the next twelve months.

2. Significant Accounting Policies (continued)

*Statements of Functional Expenses:*

The cost of providing the various program and support services have been summarized on a functional basis in the statement of functional expenses. Direct expenses are charged to the related program or services benefited. Salaries and benefits are allocated based on time spent in specific departments. Indirect expenses such as professional fees and office supplies are allocated based on the salary and benefits ratio calculated for each program or service benefited.

*Recent Accounting Pronouncements Not Yet Effective:*

*Contributed Nonfinancial Assets:*

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 was issued to increase the transparency for measuring contributed nonfinancial assets and is effective for the Organization as of July 1, 2022, requiring the use of the retrospective approach for its adoption. Early adoption is permitted. The Organization is evaluating the effect ASU 2020-07 will have on its financial statements.

ASU 2020-07 will require contributions from donors to be reported on the statements of financial position as either contributions of cash and financial assets or nonfinancial assets. Not-for-profit entities will be required to provide details as to the types of nonfinancial assets received, any donor-imposed restrictions on the assets, whether the contributed nonfinancial assets were either monetized or utilized during the reporting period, the entity's accounting policy for monetizing the assets instead of utilizing the assets, and a description of the valuation techniques and inputs used to arrive at a fair value measurement for the donated assets at initial recognition.

*Leases:*

In February 2016, the FASB issued ASC Topic 842, *Leases*. This standard requires all entities that lease assets under leases with terms of more than 12 months to capitalize the assets and related lease liabilities on the statement of financial position. The standard is effective for the Organization as of July 1, 2022 and requires the use of a modified retrospective transition approach for its adoption. The Organization is currently evaluating the effect Topic 842 will have on its financial statements and related disclosures. Management expects the assets leased under operating leases, similar to the lease discussed in Note 6 to the financial statements, will be capitalized together with the related lease obligations on the statement of financial position upon the adoption of Topic 842.

2. Significant Accounting Policies (continued)

*Recent Accounting Pronouncements Not Yet Effective:* (continued)

*Credit Losses:*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard replaces the incurred credit loss model for the measurement of credit losses on financial assets measured at amortized cost, including grants and pledges receivable, and requires entities to recognize an allowance for credit loss for the difference between a receivable's amortized cost basis and the amount the entity expects to collect. ASU 2016-13 is effective for the Organization as of July 1, 2023 and requires the use of a modified-retrospective approach for its adoption, with early adoption permitted. The Organization believes the effect of adopting ASU 2016-13 will not have a material effect on its financial statements and related disclosures.

3. Liquidity and Availability of Resources

The table below represents assets available for general expenditures within one year at June 30, 2021:

| | |
|---|---|
| Cash and cash equivalents | $ 906,981 |
| Grants receivable | 219,017 |
| Investments | 644,734 |
| Financial assets available to meet general expenditures | 1,770,732 |
| Less amounts restricted for time or purpose | (256,429) |
| Financial assets available to meet general expenditures within one year | $ 1,514,303 |

Management monitors liquidity and the availability of the Organization's resources on an ongoing basis to ensure adherence to donor restrictions, contractual commitments and legal requirements for the use of funds. The Organization has certain donor-restricted assets limited to use that are not available for general operations. Accordingly, these assets have been identified as not available for general expenditure within one year.

4. Property and Equipment

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

| | | |
|---|---|---|
| Leasehold Improvements | $ | 156,817 |
| Equipment | | 104,410 |
| Furniture and fixtures | | 700 |
| | | 261,927 |
| Less accumulated depreciation and amortization | | (120,565) |
| | $ | 141,362 |

5. Fair Value Measurement

The Organization categorizes its assets or liabilities into a three-level hierarchy that prioritizes the inputs used in valuation techniques for determining fair value of assets or liabilities and making disclosures about fair value measurement. The Organization defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs or methodology used for valuing assets or liabilities are not necessarily an indication of the risk associated with those assets or liabilities.

The three-level hierarchy for fair value measurement is defined as follows:

**Level I:** Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

**Level II:** Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

**Level III:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

5. Fair Value Measurement (continued)

Investments are classified at Level I under the fair value hierarchy and consist of the following at June 30, 2021:

| | | |
|---|---|---|
| Money market funds | $ | 445,540 |
| Equity securities | | 119,516 |
| Debt securities | | 79,678 |
| | $ | 644,734 |

6. In-Kind Rent

In May 2018, the Organization entered into a three-year agreement to lease its primary facility at a below market rent, which expired in May 2021. The lease was extended on a month-to-month basis after May 2021. The Organization had recorded an asset to reflect a beneficial interest in the use of the facility, representing the estimated fair value of the beneficial lease at its inception. The asset was amortized over the lease term to in-kind contribution and in-kind rent expense. In-kind rent expense in fiscal 2021 was $299,943. Common area maintenance (CAM) charges were also waived in fiscal 2021. CAM expense in fiscal 2021 was $109,705.

The value of in-kind rent recorded as in-kind contributions in the statement of activities consists of the following in fiscal 2021:

| | | |
|---|---|---|
| Rent | $ | 35,612 |
| CAM charges | | 109,705 |
| | $ | 145,317 |

7. Promissory Note

In April 2020, the Organization entered into an unsecured promissory note (the 2020 Note) for $250,000 under the Paycheck Protection Program provided by the U.S. Small Business Administration (SBA). Under the terms of the 2020 Note, payment was deferred for the first six months and borrowings bore interest at 1.0%. The SBA allows forgiveness of the principal and accrued interest if the Organization's employees are kept on the payroll for eight weeks and the funds are used for payroll, rent, mortgage interest, or utilities, of which non-payroll costs can be 25% of the expenditures. The Organization received forgiveness for the full amount of the 2020 Note in November 2020, which was reported as a gain on note forgiveness. Accrued interest on the 2020 Note was not material to the financial statements.

In connection with the 2020 Note forgiveness, the SBA reserves the right to challenge its decision reached, and the resolution of such matter could result in the Organization being required to repay all or a portion of the amount forgiven, along with possible interest and penalties. In the opinion of management, the Organization used reasonable judgment in requesting the 2020 Note to be forgiven and its determination the requirements for forgiveness were met will be sustained upon further SBA examination.

8. Capital Lease Obligation

In February 2020, the Organization entered into a capital lease agreement for equipment with a cost of $6,970 and related accumulated depreciation of $259. Borrowings under the lease agreement bear interest at 16% per annum and repayable in monthly installments through February 2025.

Aggregate future minimum payments required under the capital lease are as follows:

| | |
|---|---|
| Years ending June 30: | |
| 2022 | $ 2,076 |
| 2023 | 2,076 |
| 2024 | 2,076 |
| 2025 | 1,038 |
| Total minimum lease payments | 7,266 |
| Less amount representing interest | (1,723) |
| Present value of capital lease obligations | 5,543 |
| Less current portion | (1,285) |
| Noncurrent portion | $ 4,258 |

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for general programs at June 30, 2021.

Net assets were released from donor restrictions by the passage of time or incurring expenses satisfying the restricted purposes. In fiscal 2021, the Organization released $219,388 of funds relating to program restrictions and $264,373 of funds relating to the passage of time. In fiscal 2021, the Organization added $101,329 of funds relating to program restrictions.

10. Employee Benefit Plan

The Organization has a 401(k) plan that provides defined contribution retirement benefits for all eligible employees. Participants may contribute a portion of their compensation to the plan, subject to limitations under the Code. The Organization's contributions to the plan are at the discretion of the Board of Directors. The Organization made no contributions to the plan in fiscal 2021.

11. 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 $20,000 for the year ended June 30, 2021.

12. Subsequent Events

Subsequent events have been evaluated through November 19, 2021, which is the date the financial statements were approved by management and available for issuance. No items requiring disclosure in the financial statements have been identified other than those presented.

**Parents Helping Parents, Inc.**
**Schedule of Expenditures of Federal Awards**
**Year Ended June 30, 2021**

| Federal Grantor/Program Title | Federal CFDA Number | Federal Expenditures | Amount Passed to Subrecipient |
|---|---|---|---|
| U.S. Department of Education: | | | |
| Special Education – Training and Information for Parents of Children with Disabilities (H328M150030) | 84.328M | $ 434,772 | $ 246,742 |
| Special Education – Grants for Infants and Families with Disabilities (H181A140037) | 84.181 | 174,227 | - |
| Special Education – Grants to States (H027A190116) | 84.027A | 201,672 | - |
| Total Expenditures of Federal Awards | | $ 810,671 | $ 246,742 |

See Notes to Schedule of Expenditures of Federal Award

1. Organization and Grant Activities

Parents Helping Parents, Inc. (the Organization) is a not-for-profit organization founded in 1980 with the primary purpose to help children and adults with special needs receive support and services they need to reach their full potential. The Organization provides information, training, and resources to build strong families and improve systems of care.

The Organization receives funding through a direct grant from the U.S. Department of Education.

2. Significant Accounting Policies

*Basis of Presentation:*

The schedule of expenditures of federal awards (the Schedule) includes the Organization's federal award activities under U.S. Department of Education grants for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the Organization's operations, it is not intended to and does not present the Organization's results of operations, financial position and cash flows in accordance with accounting principles general accepted in the United States.

*Cost Principles:*

Expenditures reported on the Schedule are reported on the accrual method 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.

*Indirect Cost Rates:*

The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Board of Directors and Audit Committee
Parents Helping Parents, Inc.
San Jose, California



## 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

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), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change 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 19, 2021.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility 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.

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Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified.

**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 the Organization's compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance 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.

Frank, Rimerman & Co. LLP

San Jose, California
November 19, 2021

Frank, Rimerman + Co. LLP

Board of Directors and Audit Committee
Parents Helping Parents, Inc.
San Francisco, California

Certified
Public
Accountants

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

**Report on Compliance for the Major Federal Program**

We have audited Parents Helping Parents, Inc.'s (the Organization) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its federal programs (the Programs) for the year ended June 30, 2021. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questions costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Organization's 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 Unites 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 (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (Uniform Guidance). Those standards and the Uniform Guidance require 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 the Programs 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 our audit provides a reasonable basis for our opinion on compliance for the Programs. However, our audit does not provide a legal determination of the Organization's compliance.

**Opinion on Compliance for the Programs**

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Programs for the year ended June 30, 2021.

**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 its Programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its Programs 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 a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement 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 of 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 we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of this Report**

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

Frank, Rimerman & Co. LLP

San Jose, California
November 19, 2021

**Parents Helping Parents, Inc.**
**Schedule of Findings and Questioned Costs**
**For the Year Ended June 30, 2021**

## SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of Parents Helping Parents, Inc. (the Organization) were prepared in accordance with accounting principles generally accepted in the United Stated of America.

2. No material weaknesses or significant deficiencies were disclosed during the audit of the financial statements and reported in the 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.

3. No instances of noncompliance material to the Organization's financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No material weaknesses or significant deficiencies in internal control over the major federal award program disclosed during the audit are reported in the Independent Auditors' Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

5. The independent auditors' report on compliance for the Organization's major federal award program expresses an unmodified opinion on the major federal program.

6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.

7. The program tested as a major program was, Special Education – Training and Information for Parents of Children with Disabilities (CFDA Number 84.328M), as there was no Type A program and this program represented 53% of federal awards in fiscal 2021.

8. The threshold used for distinguishing between Type A and B programs was $750,000.

9. The Organization was determined to be a low-risk auditee.

## SECTION II – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FINDINGS

None noted.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS FOR THE FEDERAL AWARD PROGRAM CLUSTER

None noted.

## SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDING BY THE PREDECESSOR AUDITOR

None noted.