

# **EL NIDO FAMILY CENTERS**

REPORTS 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)

YEAR ENDED JUNE 30, 2021

**EL NIDO FAMILY CENTERS**

REPORTS 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)

YEAR ENDED JUNE 30, 2021

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**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**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
El Nido Family Centers

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of El Nido Family Centers (El Nido), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered El Nido'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 El Nido's internal control. Accordingly, we do not express an opinion on the effectiveness of El Nido'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 over financial reporting 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.

To the Board of Directors  
El Nido Family Centers

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether El Nido’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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Green Hasson & Janks LLP*

March 31, 2022  
Los Angeles, California



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
El Nido Family Centers

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

We have audited El Nido Family Centers (El Nido) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of EL Nido's major federal programs for the year ended June 30, 2021. El Nido's major federal programs are identified in the summary of auditor's 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of El Nido'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 (CFR) 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 of El Nido'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 El Nido's compliance.

**Opinion on Each Major Federal Program**

In our opinion, El Nido 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, 2021.

To the Board of Directors  
El Nido Family Centers

### **Report on Internal Control over Compliance**

Management of El Nido 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 El Nido'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 El Nido'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.

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.

*Green Hasson & Janks LLP*

March 31, 2022  
Los Angeles, California

# EL NIDO FAMILY CENTERS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2021

### SECTION I - SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

#### Federal Awards

Internal control over major programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

# EL NIDO FAMILY CENTERS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2021

### SECTION I - SUMMARY OF AUDITOR'S RESULTS (continued)

#### Financial Statements (continued)

Identification of Major Programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	U.S. Department of Housing and Urban Development: Pass-through City of Los Angeles Housing and Community Investment Department: Community Development Block Grant - Entitlement Grants Cluster Community Development Block Grant Family Source Centers, Emergency Rental Assistance, Eviction Defense Program
93.569	U.S. Department of Health and Human Services: Pass-through City of Los Angeles Housing and Community Investment Department: Community Services Block Grant Family Source Centers, CARES ACT Funding

Dollar threshold used to distinguish  
between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  Yes  No

### SECTION II - FINANCIAL STATEMENTS FINDINGS

There were no current year audit findings.

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year federal award findings or questioned costs.

# **APPENDIX**

# **EL NIDO FAMILY CENTERS**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

**EL NIDO FAMILY CENTERS**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
El Nido Family Centers

### **Report on the Financial Statements**

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

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

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

To the Board of Directors  
El Nido Family Centers

### **Report on Summarized Comparative Information**

We have previously audited El Nido's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters - Supplementary 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 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 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 March 31, 2022 on our consideration of El Nido'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 El Nido's internal control over financial reporting and compliance.

*Green Hasson & Janks LLP*

March 31, 2022  
Los Angeles, California

## EL NIDO FAMILY CENTERS

### STATEMENT OF FINANCIAL POSITION Year Ended June 30, 2021 With Summarized Totals at June 30, 2020

<b>ASSETS</b>	2021			2020 Total
	Without Restrictions	With Donor Restrictions	Total	
<b>CURRENT ASSETS:</b>				
Cash and Cash Equivalents	\$ 11,806	\$ -	\$ 11,806	\$ 1,193,109
Restricted Cash	248,135	-	248,135	230,647
Investments	2,360,206	298,142	2,658,348	1,852,652
Accounts Receivable	2,937,507	-	2,937,507	2,104,064
Contributions and Pledges Receivable	-	318,913	318,913	222,441
Prepaid Expenses	90,722	-	90,722	96,164
<b>TOTAL CURRENT ASSETS</b>	5,648,376	617,055	6,265,431	5,699,077
<b>OTHER ASSETS:</b>				
Investments - Endowment	-	111,146	111,146	111,146
Property and Equipment (Net)	2,484	-	2,484	55,803
<b>TOTAL OTHER ASSETS</b>	2,484	111,146	113,630	166,949
<b>TOTAL ASSETS</b>	\$ 5,650,860	\$ 728,201	\$ 6,379,061	\$ 5,866,026
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts Payable	\$ 413,663	\$ -	\$ 413,663	\$ 320,771
Accrued Liabilities	1,717,834	-	1,717,834	511,631
Deferred Revenue	-	-	-	143,280
<b>TOTAL CURRENT LIABILITIES</b>	2,131,497	-	2,131,497	975,682
<b>OTHER LIABILITIES:</b>				
Paycheck Protection Program Loan	-	-	-	1,463,400
Accrued Pension Liability (Net)	71,379	-	71,379	530,288
<b>TOTAL OTHER LIABILITIES</b>	71,379	-	71,379	1,993,688
<b>TOTAL LIABILITIES</b>	2,202,876	-	2,202,876	2,969,370
<b>NET ASSETS:</b>				
Without Donor Restrictions	3,447,984	-	3,447,984	1,933,898
With Donor Restrictions	-	728,201	728,201	962,758
<b>TOTAL NET ASSETS</b>	3,447,984	728,201	4,176,185	2,896,656
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 5,650,860	\$ 728,201	\$ 6,379,061	\$ 5,866,026

The Accompanying Notes are an Integral Part of These Financial Statements

**EL NIDO FAMILY CENTERS**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>REVENUE AND SUPPORT:</b>				
Government Contracts (Including First 5 LA)	\$ 10,536,643	\$ -	\$ 10,536,643	\$ 10,642,426
Contributions	761,705	416,803	1,178,508	1,377,580
Investment Return	451,998	18,898	470,896	111,207
Special Events (Net of Direct Event Expenses of \$32,144)	97,958	-	97,958	87,266
In-Kind Donations	13,787	-	13,787	81,541
Miscellaneous	-	-	-	1,110
Net Assets Released from Donor Restrictions	670,258	(670,258)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	12,532,349	(234,557)	12,297,792	12,301,130
<b>EXPENSES:</b>				
Program Services	11,336,620	-	11,336,620	10,497,484
Support Services	1,498,420	-	1,498,420	1,469,917
<b>TOTAL EXPENSES</b>	12,835,040	-	12,835,040	11,967,401
<b>OPERATING INCOME (LOSS)</b>	(302,691)	(234,557)	(537,248)	333,729
<b>OTHER INCOME:</b>				
Paycheck Protection Program Loan Forgiveness	1,463,400	-	1,463,400	-
<b>CHANGE IN NET ASSETS BEFORE PENSION COST</b>	1,160,709	(234,557)	926,152	333,729
Pension-Related Change	353,377	-	353,377	(7,758)
<b>CHANGE IN NET ASSETS</b>	1,514,086	(234,557)	1,279,529	325,971
Net Assets - Beginning of Year	1,933,898	962,758	2,896,656	2,570,685
<b>NET ASSETS - END OF YEAR</b>	\$ 3,447,984	\$ 728,201	\$ 4,176,185	\$ 2,896,656

The Accompanying Notes are an Integral Part of These Financial Statements

**EL NIDO FAMILY CENTERS**

**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	2021										2020 Total
	Program Services					Support Services					
	Child Abuse Prevention and Treatment	Parent Education and Family Development	Teen Parent Family Services	Youth Development	Total Program Services	Administrative	Fundraising	Total Support Services	Total		
Salaries	\$ 300,125	\$ 2,483,552	\$ 2,803,386	\$ 483,961	\$ 6,071,024	\$ 750,094	\$ 146,793	\$ 896,887	\$ 6,967,911	\$ 6,666,223	
Payroll Taxes	22,290	186,393	208,248	35,713	452,644	52,230	9,483	61,713	514,357	498,207	
Employee Benefits	28,259	305,565	377,436	60,483	771,743	95,573	15,682	111,255	882,998	968,618	
<b>TOTAL PERSONNEL COSTS</b>	<b>350,674</b>	<b>2,975,510</b>	<b>3,389,070</b>	<b>580,157</b>	<b>7,295,411</b>	<b>897,897</b>	<b>171,958</b>	<b>1,069,855</b>	<b>8,365,266</b>	<b>8,133,048</b>	
Subcontractors and Interns	11,250	284,983	1,385,842	24,623	1,706,698	23,300	-	23,300	1,729,998	1,039,156	
Client Expenses	2	488,196	177,162	57,438	722,798	147	2,330	2,477	725,275	625,105	
Occupancy	23,474	194,499	280,263	662	498,898	56,693	4,190	60,883	559,781	548,137	
Equipment Maintenance	15,266	90,588	57,335	10,366	173,555	48,603	3,727	52,330	225,885	208,291	
Professional Fees	2,015	18,792	30,582	3,285	54,674	3,810	157,698	161,508	216,182	200,629	
Supplies	3,403	91,843	40,986	11,390	147,622	22,648	2,310	24,958	172,580	183,092	
Equipment	5,170	113,517	11,824	28,099	158,610	7,604	-	7,604	166,214	118,009	
Building Maintenance	4,187	95,532	31,906	20,236	151,861	5,342	446	5,788	157,649	202,909	
Telecommunications	2,672	45,379	60,305	6,639	114,995	6,260	623	6,883	121,878	117,043	
Staff Training and Meetings	3,205	49,599	42,270	1,677	96,751	19,395	333	19,728	116,479	153,430	
Insurance	2,450	26,383	28,240	6,772	63,845	11,727	932	12,659	76,504	76,934	
Bank, Investment and Payroll Services	1,569	16,950	18,070	3,447	40,036	1,127	4,719	5,846	45,882	55,540	
Membership Dues and Subscriptions	-	16,801	3,015	200	20,016	1,966	1,949	3,915	23,931	11,482	
Travel and Auto Expenses	194	1,269	3,207	5,033	9,703	11,996	-	11,996	21,699	99,039	
Postage	83	4,216	6,179	690	11,168	3,999	292	4,291	15,459	21,795	
In-Kind Expenses	-	13,787	-	-	13,787	-	-	-	13,787	81,541	
Other	17	432	206	-	655	12,718	-	12,718	13,373	11,402	
Staff Recruitment	868	2,716	1,368	874	5,826	1,538	-	1,538	7,364	15,513	
Temporary Employment Services	6	260	661	5	932	3,504	-	3,504	4,436	3,578	
Equipment Lease	-	2,100	-	-	2,100	-	-	-	2,100	-	
<b>TOTAL BEFORE DEPRECIATION</b>	<b>426,505</b>	<b>4,533,352</b>	<b>5,568,491</b>	<b>761,593</b>	<b>11,289,941</b>	<b>1,140,274</b>	<b>351,507</b>	<b>1,491,781</b>	<b>12,781,722</b>	<b>11,905,673</b>	
Depreciation	1,755	18,878	22,912	3,134	46,679	5,060	1,579	6,639	53,318	61,728	
<b>TOTAL 2021 FUNCTIONAL EXPENSES</b>	<b>\$ 428,260</b>	<b>\$ 4,552,230</b>	<b>\$ 5,591,403</b>	<b>\$ 764,727</b>	<b>\$ 11,336,620</b>	<b>\$ 1,145,334</b>	<b>\$ 353,086</b>	<b>\$ 1,498,420</b>	<b>\$ 12,835,040</b>		
					88%	9%	3%	12%	100%		
<b>TOTAL 2020 FUNCTIONAL EXPENSES</b>	<b>\$ 357,971</b>	<b>\$ 3,748,891</b>	<b>\$ 5,604,235</b>	<b>\$ 786,388</b>	<b>\$ 10,497,484</b>	<b>\$ 1,097,291</b>	<b>\$ 372,625</b>	<b>\$ 1,469,917</b>		<b>\$ 11,967,401</b>	
					87%	10%	3%	13%		100%	

The Accompanying Notes are an Integral Part of These Financial Statements

## EL NIDO FAMILY CENTERS

### STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

With Summarized Totals for the Year Ended June 30, 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 1,279,529	\$ 325,971
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	53,318	61,728
Net Realized and Unrealized Gains on Investments	(409,776)	(55,639)
Contribution of Securities	(5,106)	-
Forgiveness of Paycheck Protection Program Loan	(1,463,400)	-
(Increase) Decrease in:		
Accounts Receivable	(833,443)	3,143
Contributions and Pledges Receivable	(96,472)	(129,475)
Prepaid Expenses	5,442	(10,789)
Increase (Decrease) in:		
Accounts Payable	92,892	(56,481)
Accrued Liabilities	1,206,203	54,635
Deferred Revenue	(143,280)	30,998
Accrued Pension Liability	(458,909)	(79,768)
	<b>(773,002)</b>	<b>144,323</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
	(773,002)	144,323
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Reinvested Interest and Dividends	(61,120)	(55,567)
Proceeds on Sale of Investments	1,260,745	679,000
Purchases of Investments	(1,590,438)	(698,585)
	<b>(390,813)</b>	<b>(75,152)</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		
	(390,813)	(75,152)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Paycheck Protection Loan Proceeds	-	1,463,400
Net (Repayments) Borrowings on Line of Credit	-	(278,191)
	<b>-</b>	<b>1,185,209</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	(1,163,815)	1,254,380
Cash and Cash Equivalents - Beginning of Year	1,423,756	169,376
	<b>\$ 259,941</b>	<b>\$ 1,423,756</b>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>		
Cash and Cash Equivalents	\$ 11,806	\$ 1,193,109
Restricted Cash	248,135	230,647
	<b>\$ 259,941</b>	<b>\$ 1,423,756</b>
<b>TOTAL CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>		
	<b>\$ 259,941</b>	<b>\$ 1,423,756</b>

The Accompanying Notes are an Integral Part of These Financial Statements

# EL NIDO FAMILY CENTERS

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 1 - ORGANIZATION

El Nido Family Centers (El Nido) was established in 1925 and incorporated as a not-for-profit organization in the State of California in 1954. Concerned with the welfare of children and youth, El Nido provides counseling, family life education and service coordination to children, adolescents and families in the most disadvantaged communities throughout Los Angeles County. Since 1925, El Nido has worked to help make families stronger so they can have healthier, more productive futures.

El Nido serves pregnant teenagers and young parents, families or individuals affected by child abuse, youth facing problems in school, at home or with the law, and parents struggling to raise their children.

El Nido operates four major program areas:

- **Child Abuse Prevention and Treatment.** This program area focuses on abused children in an effort to reduce trauma and symptoms and heal emotional wounds. It also focuses on the family to prevent the causes of abusive behavior and enhance family functioning.
- **Parent Education and Family Development.** Programs in this area are designed to increase parenting skills and knowledge and improve the quality of parent-child relations.
- **Teen Parent Family Services.** This program area offers a variety of services to pregnant or parenting adolescents and their babies and helps young children develop cognitively and behaviorally so they will be successful in school as well as in life in general.
- **Youth Development.** This program area provides counseling, education and social activities in an attempt to reduce the incidence of teenage pregnancy, juvenile crime and gang violence among youth by strengthening their support networks including his or her family, school and community.

El Nido receives funds from federal, state, local and private funding sources.

# EL NIDO FAMILY CENTERS

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### (b) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets without Donor Restrictions.** Net assets available for use in general operations and not subject to donor-imposed restrictions.
- **Net Assets with Donor Restrictions.** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### (c) CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2021 approximates its fair value.

El Nido maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. El Nido has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted cash includes funds required to be set aside for an unemployment reserve and a workers' compensation self-insurance reserve. The restricted cash balance at June 30, 2021 is \$248,135.

# EL NIDO FAMILY CENTERS

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **(d) INVESTMENTS**

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments are made according to the investment policies adopted by El Nido's Board of Directors. These guidelines provide for investments in equities, fixed income, and other securities with performance measured against appropriate indices. The investments are managed by outside investment managers contracted by El Nido.

#### **(e) ACCOUNTS RECEIVABLE**

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At June 30, 2021, no allowance for doubtful accounts was considered necessary.

**EL NIDO FAMILY CENTERS**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(f) CONTRIBUTIONS AND PLEDGES RECEIVABLE**

El Nido recognizes grants and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest are received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Nonreciprocal contributions subject to donor-imposed restrictions are recorded as restricted support and are reclassified as net assets without donor restrictions when the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed. Contributions with restrictions that are met during the fiscal year in which they are received are recorded as support without donor restrictions. Conditional contributions or intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are met. There were no conditional contributions at June 30, 2021. Pledges receivable at June 30, 2021 are due in their entirety within one year. Pledges receivable that are scheduled to be received after the end of the reporting period are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when received and restrictions are met. El Nido evaluated the collectability of pledges receivable at June 30, 2021 and determined that no allowance for doubtful pledges was needed.

**(g) PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets, as follows:

Leasehold Improvements	Lease Term
Office Equipment	5 Years
Computer Equipment	3 - 5 Years

Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five thousand dollars and the useful life is greater than three years.

**(h) LONG-LIVED ASSETS**

El Nido reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized on long-lived assets during the year ended June 30, 2021.

**EL NIDO FAMILY CENTERS**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(i) GOVERNMENT GRANTS AND CONTRACTS AND DEFERRED REVENUE**

El Nido recognizes government contracts and grants as either contributions or exchange transaction revenues, depending on whether the transaction is reciprocal or nonreciprocal. During the year ended June 30, 2021, all government contracts and grants are accounted for as contributions. A portion of the Organization's revenue is derived from nonreciprocal cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures up to an amount not to exceed the total contract authorized. Revenue based on units of service delivered contracts is recognized as units of service are delivered. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. At June 30, 2021, there were no deferred revenues recorded within the statement of financial position.

**(j) SPECIAL EVENT REVENUE**

El Nido holds special events throughout the year that require attendees to pay for tickets in advance. These revenues are recognized under Accounting Standards Codification (ASC) Topic 958-605 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

**(k) CONCENTRATIONS**

During the year ended June 30, 2021, El Nido earned \$4,009,541 (33% of total revenue and support) under contracts administered by the U.S. Department of Health and Human Services. El Nido anticipates that it will continue to run these programs. There can be no assurance that El Nido will be able to obtain future grant agreements at the same level of funding upon the expiration of the current term of the contracts.

The primary accounts receivable balance outstanding at June 30, 2021 consists of government contract receivables due from county, state, and federal granting agencies, and, as a result, concentration of credit risk with respect to such accounts receivable is limited.

El Nido holds investments in the form of mutual funds. Market values of such investments are routinely reviewed by the Finance Committee of the Board of Directors.

**EL NIDO FAMILY CENTERS**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(l) PAYCHECK PROTECTION PROGRAM LOAN**

Management has elected to account for the forgivable loan received under the Paycheck Protection Program (PPP) provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a debt instrument and to accrue interest on the outstanding loan balance. Additional interest at a market rate (due to the stated interest rate of the PPP loan being below market) is not imputed, as transactions where interest rates are prescribed by governmental agencies are excluded from the scope of the accounting guidance on imputing interest. The proceeds from the loan remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and El Nido has been 'legally released' or (2) El Nido repays the loan to the lender. Refer to Note 8.

**(m) DONATED MATERIALS AND SERVICES**

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. El Nido recognized \$13,787 of in-kind services during the year ended June 30, 2021.

**(n) INCOME TAXES**

El Nido is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

In accordance with the Financial Accounting Standards Board (FASB) ASC Topic No. 740, *Uncertainty in Income Taxes*, El Nido recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended June 30, 2021, El Nido performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

**(o) FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing El Nido's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. El Nido uses proportional salary dollars to allocate indirect costs.

**EL NIDO FAMILY CENTERS**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(p) USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

**(q) COMPARATIVE TOTALS**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with El Nido's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

**(r) NEW ACCOUNTING PRONOUNCEMENTS**

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which improves and converges the revenue recognition requirements of accounting principles generally accepted in the United States of America and International Financial Reporting Standards. The ASU replaces the existing accounting standards for revenue recognition with a single comprehensive five-step model, which is intended to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The core principle of the guidance is that an entity should recognize 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 or services. The guidance also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance has subsequently been amended through a series of ASUs between August 2015 and September 2017 to improve the operability and understandability of the implementation guidance on scope exceptions, and various other narrow aspects, as identified and addressed in such updates. El Nido implemented this ASU during the year ended June 30, 2021. There was no significant impact on El Nido's financial statements as a result of the implementation of this ASU.

**EL NIDO FAMILY CENTERS**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(r) NEW ACCOUNTING PRONOUNCEMENTS** (continued)

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. For El Nido, the ASU will be effective for the year ending June 30, 2022.

In February 2016, FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. The new standard will require organizations that lease assets with terms of more than 12 months to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The ASU also will require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements and provide additional information about the amounts recorded in the financial statements. For El Nido, the ASU will be effective for the year ending June 30, 2023.

**(s) SUBSEQUENT EVENTS**

El Nido has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2021 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through March 31, 2022, the date these financial statements were available to be issued. No other such material events or transactions were noted to have occurred.

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

El Nido has implemented the fair value accounting standard. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices in active markets, interest rates and yield curves. Fair values determined by Level 3 utilize unobservable inputs for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

## EL NIDO FAMILY CENTERS

### NOTES TO FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following table presents information about El Nido's assets that are measured at fair value on a recurring basis at June 30, 2021 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Year Ended June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Mutual Funds	\$ 1,266,321	\$ 1,266,321	\$ -	\$ -
Exchange Traded Funds	985,410	985,410	-	-
Equity Mutual Funds	505,043	505,043	-	-
Cash Equivalents	12,720	12,720	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 2,769,494</b>	<b>\$ 2,769,494</b>	<b>\$ -</b>	<b>\$ -</b>

The fair values of investments within Level 1 were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

#### NOTE 4 - PROPERTY AND EQUIPMENT

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

Leasehold Improvements	\$ 261,684
Office Equipment	82,915
Computer Equipment	24,858
<b>TOTAL</b>	369,457
Less: Accumulated Depreciation	(366,973)
<b>PROPERTY AND EQUIPMENT (NET)</b>	<b>\$ 2,484</b>

Depreciation expense for the year ended June 30, 2021 was \$53,318.

## EL NIDO FAMILY CENTERS

### NOTES TO FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2021 consist of the following:

Government Contract Reserve	\$ 737,169
Other Accrued Expenses	474,094
Accrued Subcontractor Expenses	329,874
Accrued Vacation	<u>176,697</u>
<b>TOTAL ACCRUED LIABILITIES</b>	<b><u>\$ 1,717,834</u></b>

#### NOTE 6 - EMPLOYEE BENEFIT PLANS

El Nido has a defined benefit plan (the plan) that covers all eligible employees of El Nido who have completed twelve consecutive months with one thousand or more hours of service. The plan is funded in accordance with the Employee Retirement Income Security Act of 1974. Plan assets, which include a combination of cash and cash equivalents, certificates of deposit, U.S. Government securities, corporate debt instruments and corporate stocks are held by a trustee and are not accessible for non-pension purposes.

During the year ended June 30, 2005, there was a plan curtailment as a result of the plan amendment adopted effective July 1, 2004. El Nido's management, with the approval of the Board of Directors, agreed to cease further benefit accruals under the plan.

The changes in the postretirement healthcare benefit obligation, plan assets and the amounts recognized in the financial statements are as follows:

Accrued Postretirement Benefit Obligation at July 1, 2020	\$ 2,817,613
Interest Cost	139,304
Actuarial Loss	9,544
Benefits Paid	<u>(180,681)</u>
<b>ACCRUED POSTRETIREMENT BENEFIT OBLIGATION AT JUNE 30, 2021</b>	<b><u>\$ 2,785,780</u></b>

**EL NIDO FAMILY CENTERS**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE 6 - EMPLOYEE BENEFIT PLANS** (continued)

Fair Value of Plan Assets at July 1, 2020	\$ 2,287,325
Actual Return on Plan Assets	503,592
Employer Contribution	104,315
Expenses	(150)
Benefits Paid	<u>(180,681)</u>
<b><i>FAIR VALUE OF PLAN ASSETS AT JUNE 30, 2021</i></b>	<b><i>\$ 2,714,401</i></b>

The following table sets forth the plan's funded status and amounts recognized in El Nido's statement of financial position at June 30, 2021:

<b>ACTUARIAL PRESENT VALUE OF BENEFIT OBLIGATION:</b>	
Accumulated Benefit Obligation	<u>\$ 2,785,780</u>
Plan Assets at Fair Value	\$ 2,714,401
Projected Benefit Obligation	<u>(2,785,780)</u>
<b><i>ACCRUED PENSION LIABILITY</i></b>	<b><i>\$ (71,379)</i></b>

The net periodic pension cost for the year ended June 30, 2021 includes the following components:

Interest Cost	\$ 139,304
Expected Return on Plan Assets	(112,457)
Amortization of Transition Obligations	<u>8,841</u>
<b><i>NET PERIODIC PENSION COST</i></b>	<b><i>\$ 35,688</i></b>
Employer Contributions	\$ 104,315
Benefits Paid	180,681
Weighted Average Assumptions:	
Discount Rates:	
Pre-Retirement	5.09%
Post-Retirement	5.09%
Expected Return on Plan Assets	5.00%
Rate of Compensation Increase	0.00%

The pension-related change of \$353,377, which excludes the net periodic pension cost above, is reflected as a separate line item in the statement of activities.

## EL NIDO FAMILY CENTERS

### NOTES TO FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 6 - EMPLOYEE BENEFIT PLANS (continued)

The expected long-term rate of return on plan assets was selected using the “building block” approach described by the Actuarial Standards Board in Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on El Nido’s investment policy for the pension plan, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical thirty-year-period rolling averages.

Benefits expected to be paid as of June 30, 2021 are:

#### Years Ending June 30

2022	\$	149,374
2023		149,461
2024		162,509
2025		176,763
2026		181,162
Five Years Thereafter		954,991

Plan assets consist primarily of listed securities and the percentage of the fair value of total plan assets of each major category of plan assets at the measurement date are as follows:

	Year Ended June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income Mutual Funds	\$ 1,237,559	\$ 1,237,559	\$ -	\$ -
Equity Mutual Funds	912,487	912,487	-	-
Exchange Traded Funds	564,065	564,065	-	-
Cash Equivalents	290	290	-	-
<b>TOTAL INVESTMENTS</b>	<b>\$ 2,714,401</b>	<b>\$ 2,714,401</b>	<b>\$ -</b>	<b>\$ -</b>

The fair values of investments within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

The investment strategy of El Nido has the following objectives:

- To achieve a balanced return of current income and appropriate growth of principal.
- To achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve the purchasing power of plan assets.
- To preserve capital and minimize costs.

**EL NIDO FAMILY CENTERS**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE 6 - EMPLOYEE BENEFIT PLANS** (continued)

Risk control is an important element in the investment of plan assets and is achieved through a diversified target allocation and the prohibition of investing in commodities and futures contracts, derivative instruments, private placements, options, limited partnerships, and venture-capital investments. In addition, short selling and margin transactions are prohibited.

**401(k) Retirement Plan**

El Nido sponsors a 401(k) retirement plan for the benefit of its employees who are at least 18 years of age. Employees may contribute a percentage of their compensation to the plan up to the maximum permitted under law. El Nido contributes to the plan on a discretionary basis, and such employer contributions are subject to the plan's vesting rules. El Nido did not contribute to the plan during the year ended June 30, 2021.

**NOTE 7 - LINE OF CREDIT**

El Nido has a revolving line of credit with a bank in the amount of \$1,000,000 that bears a maturity date of July 31, 2022. The line of credit is secured by personal property and bears interest at the greater of a floating rate equal to prime plus 1% or 6%. At June 30, 2021, there was no outstanding borrowings on this line of credit. The prime rate at June 30, 2021 was 3.25%.

**NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN**

On April 29, 2020, El Nido received a PPP loan in the amount of \$1,463,400. The PPP loan, administered by the Small Business Administration (SBA), bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Interest accrues on the loan beginning with the initial disbursement; however, payments of principal and interest are deferred until the lender's determination of the amount of forgiveness applied for by the borrower is approved by the SBA.

In December 2021, El Nido applied for full forgiveness of the PPP loan with respect to the eligible expenses incurred during the covered period. In March 2022, full forgiveness of El Nido's PPP loan principal of \$1,463,400, together with accrued interest, was received and is reflected in the statement of activities.

**EL NIDO FAMILY CENTERS**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

**(a) OBLIGATIONS UNDER OPERATING LEASES**

El Nido leases various facilities under operating leases with various terms expiring through March 2024. Future minimum payments, by year, and in the aggregate, under these leases consist of the following:

**Year Ending June 30**

2021	\$ 370,013
2022	194,672
2023	<u>111,111</u>
<b>TOTAL</b>	<u><u>\$ 675,796</u></u>

Rent expense under operating leases for the year ended June 30, 2021 was \$559,781, which is included in occupancy expense.

**(b) CONTRACTS**

El Nido's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated. El Nido has established a reserve of \$737,169 related to state and local government contracts that is included in accrued liabilities. Except as mentioned, El Nido has no other provisions on its financial statements for the possible disallowance of program costs related to any of its other governmental contracts and grants.

**(c) LEGAL PROCEEDINGS**

In the ordinary course of conducting its business, El Nido becomes involved in various lawsuits. Some of these proceedings may result in judgments being assessed against El Nido which, from time to time, may have an impact on changes in net assets. El Nido does not believe that these proceedings, individually or in the aggregate, are material to the accompanying financial statements.

## EL NIDO FAMILY CENTERS

### NOTES TO FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 are restricted for the following purposes:

Ask Harold/Harold Cares	\$	253,021
Parental Counseling/Training		191,034
Emergency Assistance		80,000
Scholarship		50,000
Census		<u>43,000</u>
<b>TOTAL NET ASSETS SUBJECT TO PURPOSE RESTRICTIONS</b>	\$	<u>617,055</u>
Subject to Endowment Spending Policy and Appropriation:		
Endowment Corpus	\$	<u>111,146</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	\$	<u>728,201</u>

#### NOTE 11 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2021:

Satisfaction of Purpose Restrictions:		
Parental Counseling/Training	\$	262,650
Emergency Assistance		138,005
Census		117,405
Business Academy/Technology Education/Culinary		110,000
Teen Family Health		15,000
Other		8,300
Endowment Appropriation		<u>18,898</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	\$	<u>670,258</u>

## EL NIDO FAMILY CENTERS

### NOTES TO FINANCIAL STATEMENTS

June 30, 2021

#### NOTE 12 - ENDOWMENTS

El Nido's endowment consists of donor restricted funds which are restricted in perpetuity. They comprise the corpus of the Payson Wolff Scholarship Fund. Income from these funds is used to underwrite scholarships to El Nido clients who are graduating from high school and are pursuing higher education.

El Nido's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on such endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for El Nido's endowments is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management.

Endowment net asset composition by type of fund at June 30, 2021 is as follows:

<b>Endowment Net Asset Composition by Type of Fund at June 30, 2021</b>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted	\$ -	\$ 111,146	\$ 111,146
<b>Changes in Endowment Net Assets for the Year Ended June 30, 2021</b>			
Endowment Net Assets - Beginning of Year	\$ -	\$ 111,146	\$ 111,146
Investment Return (Net)	18,898	-	18,898
Appropriated for Expenditure	(18,898)	-	(18,898)
<b>ENDOWMENT NET ASSETS - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 111,146</b>	<b>\$ 111,146</b>

# EL NIDO FAMILY CENTERS

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### NOTE 13 - LIQUITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by El Nido at June 30, 2021 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at June 30, 2021:	
Cash and Cash Equivalents	\$ 11,806
Investments	2,360,206
Accounts Receivable	<u>2,937,507</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR</b>	
	<u>\$ 5,309,519</u>

El Nido regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. El Nido is substantially supported by unrestricted contributions and government grants and contracts. As part of El Nido'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.

El Nido's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 12, the endowment earnings will be appropriated by the Board of Directors for use in accordance with donor stipulations.

In the event of an unanticipated liquidity need, El Nido has a line of credit facility of \$1,000,000 that it may draw upon (refer to Note 7).

**EL NIDO FAMILY CENTERS**

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

**EL NIDO FAMILY CENTERS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2021

	Contract Number	Federal Assistance Listing Number	Governmental Revenue Federal	Nonfederal	Passed Through to Subrecipients
<b>FEDERAL AWARDS</b>					
Federal Grantor/Passed Through Grantor/Program or Cluster Title					
<b>MAJOR AWARDS</b>					
U.S. Department of Health and Human Services:					
Pass-through City of Los Angeles:					
Community Investment Department					
Community Services Block Grant					
Family Source Centers	C-136833	93.569	292,894	-	93,963
Family Source Centers	C-136842	93.569	292,894	-	100,000
COVID- 19 Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding 8/1/2020 - 5/30/2022	C-138059	93.569	69,821	-	-
COVID-19- Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding 8/1/2020 - 5/30/2022	C-138058	93.569	71,147	-	-
U.S. Department of Housing and Urban Development:					
Pass-through City of Compton					
Community Development Block Grant					
COVID-19- Emergency Rental Assistance	C-136833	14.218	62,500	-	-
Family Source Centers	C-136833	14.218	340,302	-	-
COVID-19- Emergency Rental Assistance	C-136842	14.218	62,500	-	-
Family Source Centers	C-136842	14.218	360,077	-	-
COVID-19- Eviction Defense Program	C-135712-1	14.218	78,379	-	-
COVID-19- Emergency Assistance Rental Program Grant					
3/1/2020 - 12/31/2021	C-138204	14.218	63,224	-	-
3/1/2020 - 12/31/2021	C-138077	14.218	66,932	-	-
<b>Total CDBG- ENTITLEMENT GRANTS CLUSTER</b>			<u>1,033,914</u>	-	-
<b>TOTAL MAJOR AWARDS</b>			<u>1,760,670</u>	-	-
<b>NON-MAJOR AWARDS</b>					
U.S. Department of Health and Human Services:					
Passed-through County of Los Angeles					
Temporary Assistance for Needy Families					
Job Opportunities and Basic Skills Training					
Cal-Learn Case Management 7/2020 - 8/2020	CLC15-003	93.558	183,522	-	-
Cal-Learn Case Management 9/2020 - 6/2021	CLC15-003	93.558	725,035	-	-
Pass-through State of California					
Department of Public Health					
Maternal, Child and Adolescent Health					
Adolescent Family Life Program					
7/1/2020 - 6/30/2021	17-10136	93.994	473,878	-	-
U.S. Department of Health and Human Services					
Administration for Children and Families					
Early Head Start					
8/1/2019 - 7/31/2020	09CH010599/01	93.600	268,537	-	-
8/1/2020 - 7/31/2021	09CH010599/02	93.600	1,631,813	-	-
<b>Total Early Head Start Grants Cluster</b>			<u>1,900,350</u>	-	-
<b>TOTAL NON-MAJOR AWARDS</b>			<u>3,282,785</u>	-	-
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 5,043,455</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report

## EL NIDO FAMILY CENTERS

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2021

#### **Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2021:**

##### **1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the Federal award activity of El Nido under programs of the Federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of El Nido, it is not intended to and does not present the financial position, changes in net assets, or cash flows of El Nido.

##### **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

##### **3. Indirect Cost Rate**

El Nido has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.